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Congress and the President's Message
Americanizing Our Alien Workmen
The Army and Navy Programs

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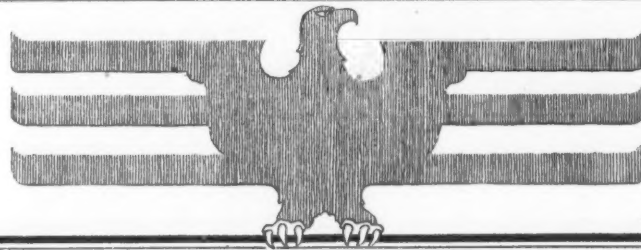


TABLE of CONTENTS

DECEMBER, 1915

	Page.
COMMERCE IN THE MONTH'S NEWS	1
FOURTH ANNUAL MEETING OF THE NATIONAL CHAMBER	3
A glance at the program of this coming national convention of business men.	
THE PRESIDENT'S PLAN FOR NEW REVENUE	4
Commerce, Industry and Taxation in the Address to Congress.	
THE ARMY PROGRAM AND WHAT IT MEANS, <i>By Hon. Henry Breckinridge</i> , Assistant Secretary of War	6
THE NAVY PROGRAM AND WHAT IT MEANS, <i>By Hon. Franklin D. Roosevelt</i> , Assistant Secretary of the Navy	8
THE CAMPAIGN FOR A TARIFF COMMISSION	10
A summary of what Congress and the National Chamber are doing.	
SCIENTIFIC SHOP MANAGEMENT AND THE GOVERNMENT	11
Telling what is being done in the way of applying the Deitrick Amendment regarding the Taylor System in Federal arsenals.	
CARTELS AND THEIR RELATION TO FOREIGN TRADE, <i>By Dr. Edward Ewing Pratt</i>	12
The good and bad points about these German forms of the trust, by the Chief of the Bureau of Foreign and Domestic Commerce.	
A BUDGET—THE METHOD OF A WISE BUSINESS CONCERN	13
What is being done in Congress to bring about a Budget System, together with some opinions by Representative Sherley and others.	
BANKING OPPORTUNITIES IN SOUTH AMERICA	14
Some facts about economic, social and financial conditions that underlie investment possibilities in South America.	
THE BUREAU OF FOREIGN AND DOMESTIC COMMERCE	16
What Secretary Redfield says concerning this "Missionary of Trade."	
SOME NEEDS OF OUR WATER-BORNE TRADE	16
Secretary Redfield says our trade and passenger traffic on the water needs many new precautions to safeguard it.	
WHY DO THE SLIDES OCCUR AT PANAMA?	17
What the Isthmian Canal Commission has to say about seeking the "angle of repose."	
CHAMBERS OF COMMERCE AND ALIEN WORKMEN, <i>By Frances A. Kellor</i>	18
What is being done to Americanize foreign-born workers, by a member of the National Americanization Committee.	
VOCATIONAL GUIDANCE AND EMPLOYMENT MANAGERS	20
Opinion of Felix M. Warburg, banker and educator.	
EXPANSION OF POST OFFICE ACTIVITIES	21
HOW SHALL WE MEET UNFAIR FOREIGN COMPETITION?	21
WITH THE ORGANIZATIONS	22
The use and value of membership charts, and notes.	



THE NATION'S BUSINESS



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DECEMBER, 1915

COMMERCE IN THE MONTH'S NEWS

THE President's Message, the annual statement of the government regarding its policies in relation to business and industry, was taken up very largely with two subjects. As read to Congress on December 7, the President's recommendations referred principally to the necessity, as the administration sees it, for speeding up the army and navy programs, and the ways and means for raising revenue, necessary not only to finance this increase in our military establishment, but to carry on the regular activities of the government. The program of the administration, as foreshadowed in the message, in so far as it deals with the direct interests of commerce and industry in the new forms of taxation, is outlined in an article on another page. The proposed army and navy programs and what they mean, are also considered, in articles written especially for THE NATION'S BUSINESS by the Assistant Secretary of War and the Assistant Secretary of the Navy. These articles are commended to our readers, not as arguments, but as statements of what the administration proposes to do in a matter of great national importance about which business men should be fully and authoritatively informed. The relations of business to politics through government are treated in other timely articles in this number, notably in the reports of progress on the campaign for a tariff commission, the movement for a national budget, and the review of the situation in the government arsenals with respect to the use of the system of "scientific shop management."

The President's Message to Congress

IT took the cataclysm of the war in Europe to arouse the American people to the vital necessity for a merchant marine. This necessity has existed for the greater part of our national history, ever since the days when the American clipper, once the pride of the nation, disappeared from the seven seas. Only within the past strenuous sixteen months have our people understood fully our dependence on the carrying facilities of the great nations of Europe. Many and varied have been the plans offered for the creation of an American marine. The referendum of the National Chamber, summarized in THE NATION'S BUSINESS for July, showed the sentiment of the American business man. The national administration, it is generally understood, will introduce in the early days of Congress a new shipping bill along comprehensive lines. It will also, probably, be called upon to consider some modification of the Seamen's Law which went into effect for American shipping on November 4. In the near future, either by action at the Annual Meeting or by referendum, the National Chamber will ask the opinion of its member organizations on this law. It is important to note, in this connection, that the new American International Corporation, organized last month to "help secure the United States its proper share of the world's trade," has purchased a number of the ships of the Pacific Mail Steamship Company. These will continue to ply the Pacific to Central American ports.

The Burning Question of a Merchant Marine

Fourth Annual Meeting of the National Chamber, February 8, 9 and 10

TWO important meetings of the Committees continuing the work of the Pan American Financial Conference were held this month. On December 1, at Washington, the United States section of the International High Commission on the Uniformity of Laws considered the program for the conference of the full Commission which, it will be remembered, is set for April 3, at Buenos

Aires. The subjects proposed for consideration at Buenos Aires were: transportation, banking facilities, extension of credits, stabilizing of international exchange, arbitration of commercial disputes, negotiable instruments, bills of lading, warehouse receipts, uniformity of customs regulations, postage rates, parcel post and money-order facilities, cable rates, wireless telegraphy, commercial travelers and their samples, patents, trade-marks, and copyright. All the countries which participated in the historic gathering in Washington last May have now appointed their members of the Commission. On December 13 the chairmen of the various group committees and the Return Visit Committee exchanged views in New York. One party of those to make the return visit, it is now planned, will leave New Orleans in the latter part of January. Latin American relations cannot fail to be made more intimate and cordial by the Pan-American Scientific Congress which, as we noted fully in our last issue, assembles in Washington during the last few days of the present month.

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TO take advantage of the splendid opportunities that are offered to our trade throughout Latin America, we certainly must have adequate lines of transportation. Even belligerent Europe is already looking with longing eyes at the countries to the south of us and it is reported that a "Trade League for South America" has already been organized by German manufacturers. Not only Germany

but Britain will be found very much alive in Latin America when the war closes. Some much needed information, by the way, and wholesome advice as to trade with these Southern American lands are given in a recently issued publication of the Department of Commerce, reviewed in this number of THE NATION'S BUSINESS. An impressive illustration of what has been called our "total general ignorance" concerning South America is recorded by the Department of Commerce in relating the experience of one of its special agents in Panama. A recent fire in Colon, particularly disastrous to business, brought out two letters. The Panamanian business man (an old reliable customer of both writers) received these, in the same mail, one from a firm in England and one from a United States concern. The English letter was very cordial. It sympathized with the loss of the city, expressed an understanding of the situation and said: "Give yourself no concern or worry at the state of your account. Send on your orders and they will be

filled as usual, and upon the usual credit terms." The letter from the American firm was short. It said: "Dear Sir, owing to war conditions, we are compelled to curtail our lines of credit and the terms in future will be etc., etc.," naming cash. The effect produced on the mind of the merchant receiving these letters can be, as the novelists say, better imagined than described.

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TWO important and expanding factors in the preparation that we as a people are making to meet the competition of the world in industry and commerce, are seen in the attention now paid by thoughtful American men of affairs to industrial education and vocational training, and in the organized efforts to Americanize the alien workers in our mines, fields, and factories. An important convention, the ninth annual one, of the National Society for the Promotion of Industrial Education, will be held at Minneapolis on January 20 to 22. At this meeting the entire range of industrial and vocational training in regular and continuation schools will be discussed by experts. There will also be a conference of employment managers. In these associations of employment managers, brought into being largely through the activity of the Boston Vocation Bureau for the purpose of training men to hire others, the National Chamber is deeply interested. One session of its coming Annual Meeting in February will be devoted very largely to the discussion of this subject of vocational education. It is gratifying to announce that the Secretary of Commerce will make the opening presentation of this important topic. An article by Mr. Meyer Bloomfield of the Boston Vocation Bureau, which appeared in THE NATION'S BUSINESS for August, has attracted wide attention among business men and was widely quoted.

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THE Americanization of the immigrant is also a subject of deep significance to American business. This month we present a study of the achievements of commercial organizations in American cities to make good citizens out of alien workers. The national Department of Labor, through its Bureau of Naturalization, is endeavoring to enlist the cooperation of the public schools in the education and Americanization of candidates for citizenship. The National Chamber has a very active Committee on Immigration which is studying this problem. It is now devoting special attention to gathering data upon the probable size

and character of the immigration which may be expected to flow to this country after the European war. American business interests have been apprehensive as to the effect on the labor market of this threatened flood of immigration. The question is as yet an open one, many economists contending that the demand for labor for reconstruction in Europe will prevent any large emigration to American shores.

Fourth Annual Meeting
of the
Chamber of Commerce
of the United States
New Willard Hotel
Washington, D. C.
February 8, 9 and 10, 1916

Fourth Annual Meeting of the National Chamber

A Glance at the Program of This Coming National Convention of Business Men

ALL indications point to a record attendance at the Fourth Annual Meeting of the Chamber of Commerce of the United States, which is to be held at the New Willard Hotel, Washington, D. C., on February 8, 9, and 10. More than eight hundred delegates had been appointed when these pages went to press and notices of other appointments are coming in increasing numbers as the meeting approaches. A considerable number of the organization members of the Chamber had already taken advantage of the invitation to send a full quota of alternates in addition to a complete delegation, while it is certain that there will be a larger attendance of individual members than at any preceding meeting.

Those organizations which have not already appointed delegates and alternates are asked to do so as soon as possible in order that those appointed may receive full information in regard to the meeting, the program, and the subjects to be acted upon. So far as practicable, the reports and resolutions to come before the meeting will be sent out a month in advance so that delegates will have a chance to consider them and ascertain the attitude of the organizations which they represent. Notice has been sent to all organization members that resolutions for presentation at the annual meeting must be received at the national headquarters, Riggs Building, Washington, D. C., on or before December 29.

The meeting will be devoted strictly to the discussion of those subjects which are now under consideration by the Chamber and its committees, or which, because of their pressing importance, the Chamber will have to consider during the coming year. An important report from the Committee on Statistics and Standards upon the government export and import statistics is already in hand. Two reports upon which committees have been at work for some time past and which were intended to be submitted to referendum, will be completed in the immediate future. One deals with the problem of price maintenance and the other with the much discussed Seamen's Law.

Other committees which are expected to report at the annual meeting deal with the subjects of permanent tariff commission, national budget, labor exchanges, federal trade commission, commercial arbitration, and rural credits. So far as practicable under the circumstances, reports will be printed in advance and distributed to delegates so that little time will be necessary for their presentation and full opportunity given for discussion and action.

Among the more important subjects which the Chamber will be called upon to consider are: national defense, voca-

tional education, employment managers, and the railroad situation. Hon. Lindley M. Garrison, Secretary of War, has accepted the invitation to make the opening presentation of the subject of national defense, outlining and explaining the program which the Administration has laid before Congress. Hon. William C. Redfield, the Secretary of Commerce, has long been interested in vocational education and will speak on the subject of federal appropriations to forward vocational training, and their justification.

Dr. E. F. Nichols, President of Dartmouth College, of which the Amos Tuck School of Administration and Finance is a part, is best qualified to present the new subject,—which has such far-reaching possibilities and is now gaining the earnest attention of business men,—of employment managers and scientific methods of employment. An invitation has been sent to one of the best known and recognized leaders in the railroad world to present to the delegates the railroad situation as regards both the present and the future.

Underlying problems of foreign trade will occupy at least one whole session, and included under this head will be the important topics of protection against dumping after the war and means of safeguarding new industries which have been started in this country during the war, to supply our industries with products for which this country has hitherto been dependent on those foreign nations now engaged in destroying one another's commerce.

While it is difficult, and perhaps impossible to predict conditions that will prevail when peace is signed, it is apparent to all thinking business men that present conditions offer an opportunity to advance the position of the United States in foreign trade and improve our future relations with foreign nations through commercial treaties.

It will be in the midst of a session of Congress of extraordinary interest and importance to the nation that the Chamber's Fourth Annual Meeting will be held in the nation's capital. The nation's representatives will be considering the position of the United States in the world's trade and the changes that have already come about and those others that are to be expected as a result of the great conflict in Europe. The nations that are contending on the field of battle will later conduct an intense conflict in the marts of trade. Commercial preparedness for the future is a subject that should receive the same earnest attention from business men that military preparedness is now receiving from the people at large.



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Secretary of War Garrison

At least one full session will be given up to a discussion of national defense. The Secretary of War will make the opening presentation of the matter.

The President's Plan for New Revenue

Commerce, Industry, and Taxation in the Address to Congress

SEVERAL years ago Congress prepared the way for an annual budgetary statement for the Federal government by directing that, when estimates of expenditures outrun probable revenues under existing taxes, the President should suggest to Congress ways in which additional funds should be obtained. The Congress which opened on December 6 must, in its early months, pass appropriation bills for expenditures in the year which begins with the first of next July. As the estimates for expenditures for that year exceed the income that may be expected under existing law, the President accordingly devoted a considerable part of his address of December 7 to outlining new sources of revenue which will produce at least \$112,000,000 over all present taxes.

Nature of the New Taxes

Internal taxation is the President's method. In his opinion, taxes of this sort will not hamper the industries they affect nor be too great a charge upon personal expenditure. The principle is that "the industry of this generation should pay the bills of this generation." Apparently two courses are in contemplation,—collection of the whole sum needed by increasing the taxes on incomes, or use of increased income taxes to obtain about \$50,000,000 and new stamp or other similar taxes to yield about \$63,000,000 to the Treasury.

The latter course is the more likely to be followed. In fact, the President himself named taxes on gasoline, automobiles and internal explosion motors, bank checks, pig iron, and fabricated iron and steel. These taxes would be additional to those imposed in the emergency revenue law of October, 1914, which, before this number of THE NATION'S BUSINESS comes from the press, will undoubtedly be extended to the end of 1916.

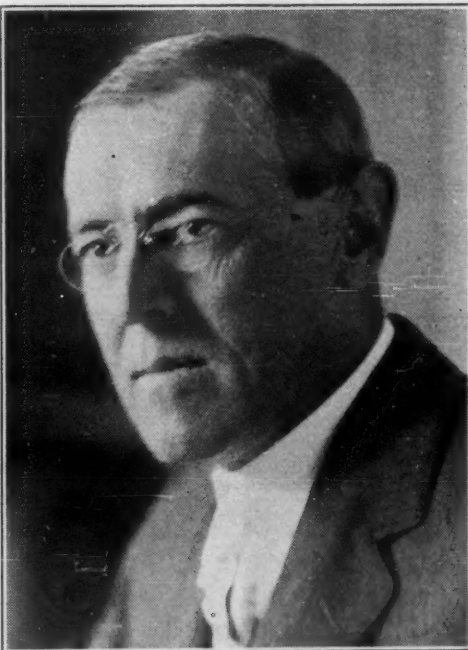
Debates on New Taxes

The House Committee on Ways and Means is already considering possible new taxes and has before it not only changes in the present income taxes and the law under which they are levied, but amendments to the emergency revenue law, the extension of which, according to a definite understanding, is not to preclude its alteration later in the winter. Debates on the new taxes will not begin until January, when extension of the import duty on sugar beyond the first of

May (when sugar otherwise will go upon the free list), will be considered.

Changes in Income Tax Law

Amendments to the law under which the income taxes are assessed and collected may become extensive. In August a committee reporting to the National Tax Association recommended complete restatement of the law, removal of its numerous verbal infelicities, and abrogation of some administrative decisions of the Treasury Department which have



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President Woodrow Wilson

operated to the detriment of taxpayers. In some of the recommendations of this committee, such as the substitution of information at source for collection at source and treatment of partnerships as corporations, the Secretary of the Treasury has acquiesced. Upon some other recommendations, however, no official opinion has been expressed. In this latter class is included a change urged by the Tax Association's committee in concurrence with a point of view adopted by the National Chamber last February,—that, contrary to the present attitude of the Department, individuals should be permitted to deduct losses wherever the gain, if any, would be subject to tax.

The American Merchant Marine

Whether or not the minimum of new revenue needed by the Government,

stated above, includes funds for the purchase or construction of merchant ships, or naval auxiliaries which in times of peace can be used in merchant service, is not clear. The proposals for activities of the Government in this direction, similar to the plan before the last Congress but with modifications, are to be resubmitted, presumably some time in January. The new bill has been drafted in tentative form, but, being still under discussion, it will scarcely be made public until Congress has reconvened after its Christmas recess.

Necessity of an American Marine

In the words of the President, national independence in an economic sense requires that there should be American vessels to carry American commerce. Furthermore, in maintaining similar independence for Latin America, an adequate merchant marine of the United States can play an important part.

The immediate necessity for an adequate merchant marine the President apparently finds in current needs for vessels to carry goods which are now awaiting export at the principal ports of the country, in the desirability of avoiding the position of awaiting permission of foreign ship-owners and foreign governments to send American merchandise where we please, and in opportunities to open new ocean routes and develop new foreign markets.

Although the President gave no indication of the reasons which lay behind his suggestions, it is at least possible that in part he had in mind difficulties American shippers have encountered through the refusal of foreign steamship lines operating under neutral flags, and to neutral ports, to accept many kinds of ordinary merchandise unless "permits" are presented. These permits are often obtainable only abroad, and, as they are frequently required for each consignment, shippers experience inconvenience and delay, and sometimes lose customers. Recently, "permits," or their equivalent, have been asked by some foreign steamers for goods carried from the United States to the Philippines. These conditions may have formed part of the situation in the President's mind when he said: "If other nations go to war or seek to hamper each other's commerce, our merchants, it seems, are at their mercy, to do with as they please."

Reasons for Government Intervention

The immediate urgency for merchant vessels in much larger numbers under the American flag seems to be the President's reason for recommending that the Government itself undertake construction or purchase. Private capital, he intimates, will not come forward quickly enough to afford relief, but, after initial financial risks have passed and trade has been developed, it may be expected to supplant the Government. The President's words presumably mean that he has in mind primarily ocean routes to parts of Latin-America and other parts of the world where markets for American merchandise have still to be developed to an extent that will support regular steamship services, rather than routes to European countries and the Far East, for which most of the goods now packed and delayed in shipment for want of vessels are destined. To the latter, established routes he did not directly refer.

Attitude Toward Intervention

Prompt acceptance is the request of the President for the proposals which are to be laid before Congress. Nevertheless, he declared that his interest does not center in the details of the proposals but rather in an early solution of the problem of an adequate marine.

Amendment of Navigation Laws

That the navigation laws may deter new investment of private capital in American vessels the President apparently realizes. He made specific reference to no provisions, such as some, of the sections of the Seamen's Act, but he clearly advocated amendment. Every legal obstacle in the way of private interests creating a great marine, he said, should be promptly removed, and he added that legislation "should facilitate in every possible way the building, purchase, and American registration of ships." Before the Columbus Chamber of Commerce the President said, a few days later: "It is imperative that no impediments should be put in the way of commerce with the rest of the world."

Such expressions as these leave open the possibility for remedial legislation of a kind wholly distinct from the Ship-Purchase bill of the last Congress. At the same time they are not inconsistent with proposals, already introduced in the House, for the regulation of ocean commerce, its conditions and its rates, by commission.

Conditions in Export Trade

Not only present conditions in export trade but circumstances that will come

with the close of war have a place in the address. A probability of world-wide economic readjustments which will follow peace, and a conception of readiness for military defense as a means of maintaining commercial freedom for the United States and all American republics in the midst of these readjustments, pervade all parts of the address. That earlier legislation may not accord with novel circumstances in foreign markets the President said plainly, laying emphasis

should be allowed to cooperate in establishing joint branches abroad.

A Separate Address

Whatever the correctness of these inferences, the President forecast another address to Congress upon the questions he had in mind, perhaps planning this address either to follow a report the Federal Trade Commission is expected to make regarding conditions in foreign trade or to meet difficulties suggested by executive departments.

Condition of Railroad Transportation

Transportation by rail as well as ocean transportation was a subject for recommendations. In this instance, however, the suggestion did not contemplate new legislation in the near future but dealt with the necessity for an extended inquiry, by a special commission, to discover what further legislation will promote the efficiency of the railroads in their equipment and operation. Such an inquiry, according to the President, would be directed not so much toward changing the extent of present Federal regulation as to devise new methods of regulation intended to have its effect in improving the conditions under which the railroads are operated. Such new legislation should proceed, according to the President's apparent plan, only upon the results of an investigation into the whole subject of railroad regulation.

Mobilization of Economic Resources

For co-ordination of transportation, manufacture, and technical skill to plans for military defense the President intimated he will upon his own initiative appoint a volunteer, advisory commission. No further announcement about the commission has yet been made, but, when appointed, the civilian members will, as a matter of course, first examine plans which military officers as a part of their duties have formulated.

Other Business Subjects

Upon a number of other subjects of Federal legislation the President touched in an incidental manner. To water powers and public lands he referred in speaking of "free opportunity to use the natural resources." An early enactment of some provision for rural credits and intelligent Federal aid for vocational and industrial education as an encouragement comparable to the assistance given to agriculture, he expressly urged. In all he devoted to general discussion of matters important to business men almost one-half of an address which, as measured in print, extended to seventy-six hundred words.

ADDRESS.

GENTLEMEN OF THE CONGRESS:

Since I last had the privilege of addressing you on the state of the Union the war of nations on the other side of the sea, which had then only begun to disclose its portentous proportions, has extended its threatening and sinister scope until it has swept within its flame some portion of every quarter of the globe, not excepting our own hemisphere, has altered the whole face of international affairs, and now presents a prospect of reorganization and reconstruction such as statesmen and peoples have never been called upon to attempt before.

The President's Address—The First Page

Reproduced from the sheet (original loaned to THE NATION'S BUSINESS) from which the President read the first sentences of his message to Congress on December 7.

upon the necessity of keeping at command instrumentalities of information.

The Sherman Act and Dumping

The President did not identify the earlier statutes to which he referred. It is a fair inference, however, that he had in mind proposals for such amendment of the Sherman Act as will give express sanction of law to combinations among American exporters who have to meet combinations or other restraints on free competition in foreign markets and to complementary legislation which may be advanced to prevent foreign sellers from engaging in unfair competition in our domestic trade. If this inference proves to be justified, it may develop that the Federal Trade Commission is to be the administrative body for the new legislation and the instrumentality of information which the President named. The President may have had in mind in this part of his remarks also a recommendation which the Federal Reserve Board is expected to make, that national banks

The Army Program and What It Means

By HON. HENRY BRECKINRIDGE

Assistant Secretary of War.

IN an article so short as this will be, space will only permit a brief, concise statement of the reasoning that governed the formulation of the proposed military policy, and a broad outline containing the main features of the policy.

Government, to insure its authority and stability, must have certain force at its disposal. From the domestic standpoint, our Federal Government must have land forces to execute the laws of the Union and suppress domestic insurrections and violence, whenever the ordinary processes of invoking the civil power in the states and throughout the Union and of calling out the militia within the states, on certain occasions fail. Furthermore, by the very terms of the Constitution, the Federal Congress is charged with the duty of providing for the common defense, and if this is not done (and it is not done unless it is done adequately) one of the affirmative mandates of the Constitution has been violated, contrary to the oath of office of each official concerned with the omission to obey the mandate.

In addition to the duty of insuring the nation against violence within, there is the essential duty of protecting the nation from danger of successful assault by foreign powers. The need of an adequate navy is absolute and quite patent to all reasonable minds. But, in addition to an adequate navy, there must be an adequate army. "The influence of sea power upon history" has been and is very great. But, however great that influence might be, nevertheless, it is the unquestionable teaching of history that wars which commence upon the sea end upon the land. The final resources of nations cannot be brought to bear upon the sea, but must be brought to bear upon the land. If a nation is self-sustaining agriculturally, or has friendly neighbors contiguous to supply it, final and conclusive injury cannot be done that nation from the sea. A victor must penetrate on enemy's territory to reach his treasure or hold his cities and lands before that enemy can be submitted completely to the victor's will. We may be harassed upon the sea. We can be destroyed only upon the land. We must assume that what has happened to every other nation of the earth may happen to us, at least unless our sea power excels that of the strongest coalition of sea powers existing at any one time in the world, provided, of course, that we are not part of that coalition.

Therefore, in addition to such force as is necessary to insure domestic order, there must be a force equal to the task of repelling any probable invasion.

For the performance of this task, no competent military authority has set the requirement at less than 500,000 trained men, properly organized, equipped and



© Harris & Ewing. The Assistant Secretary of War, Hon. Henry Breckinridge

Who sets forth the program of the War Department for army increase.

ready to take the field upon the instant, with practically an equal number of trained men in reserve behind this force liable for service to supply the initial wastage of war.

The Problem Before the United States

The problem was how to supply such a force in this country under present conditions. From a technical military standpoint there is but one answer—conscription—a regular army, adequately trained over whatever period should be determined to be best, and economically maintained in a way that can only be accomplished under a compulsory system. But this was discarded as politically inadmissible and impracticable.

Another seeming alternative would be to raise a regular army of 500,000 men by voluntary enlistment, with such pay, emolument and appointments as are fur-

nished the present army. In the first place, if such an army could be raised by voluntary enlistment, it would

cost half a billion dollars a year. In the second place, the Adjutant General of the army, the expert on such matters, figures that with present rates of pay and allowances you cannot maintain in this country a regular standing army of more than 140,000 men with the present standards which recruits must satisfy.

Some Impracticable Alternatives

Another possibility was to build a military system upon the militia of the several states under the militia clause of the Constitution. This is impossible for many reasons. In the first place, under the Constitution, no part of the militia can be carried out of the country in time of war unless and until it volunteers. It is obvious that the entire reliance of the nation cannot be built upon the problematical state of mind of any class of men, however patriotic and admirable may be their dispositions and characters. To wage modern war, any military system worthy of the name must be built upon unified authority and unified responsibility. An army must have one commander-in-chief; it cannot have forty-eight. In the multitude of counselors there may be wisdom, but there is not good executive action.

In war there must be the very incarnation of executive efficiency and despatch. Under the Constitution Congress may prescribe the organization and discipline of the militia, but to the states are reserved the authority for training the same and the selection of officers. In other words, the doctor may prescribe, but the patient determines whether or not he will take the medicine. The day before the outbreak of war, the authorities of any state could muster out the militia, and none could gainsay them. It may be stated that such action would not be probable, but a military system worthy of the name and adequate for the defense of the nation must not be based upon probabilities and speculation, but upon certainty.

Some urge the amendment of the Constitution to do away with some of the disabilities that now hamper the militia and then suggest that we rely upon this modified militia as the sole defender of the nation outside the regular army. This is an unacceptable proposal, if for no other reason, because of the length of

time that must ensue before the operation of the complicated process necessary to amend the Constitution possibly can obtain any result. In the meantime the country remains unprepared. And I cannot believe that any considerable body of reasonable citizens would suggest complete reliance, when assailed by any of the highly centralized military systems of the present age, upon a congregation of forty-eight separate little armies over which the central government has no authority until they are called into the service of the United States upon the actual outbreak of war.

Therefore, it was determined to face conditions as they are and endeavor to propose a program that would furnish an opportunity for service to every class of citizen willing to serve.

The Administration's Plan

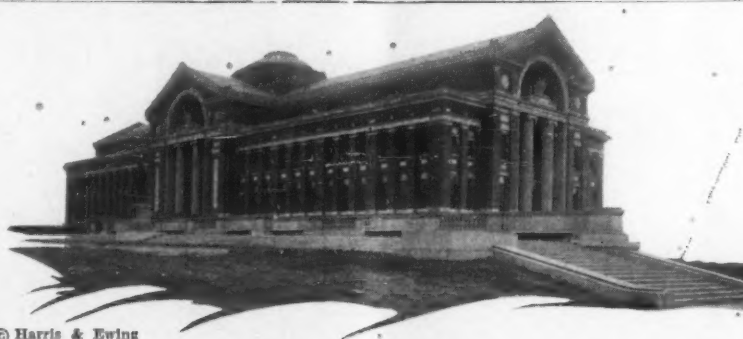
If the proposed plan is enacted, the following results will be brought about:

The regular army will be raised from its present strength of 102,985 men to 141,843. This addition will be in two equal annual increments, so as to avoid the confusion of an effort at a hasty absorption of new organizations. Practically 49,000 troops would be in our over-sea possessions. In the continental United States there would be some 70,000 combatant troops, of whom 50,000 would constitute a mobile army force, the rest being harbor defense troops.

The New Continental Army

There will be raised a force of Federal citizen soldiers organized, equipped and trained by the Federal Government, numbering 400,000 men. The officers will be appointed by the President and for all purposes of waging war, this force will be treated practically as a part of the regular army of the United States, except that it can be used only for training purposes in time of peace and for field service in time of war or when war is imminent.

The training of this force will be comprised within a period of intensive training each year. The length of this period will be determined after due consideration of what is the greatest length of time a citizen can be reasonably expected to give up for such training each year. Recruitment will be territorial according to population; that is, troops raised in the same localities will be grouped together into organizations, that local sen-



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The Army War College in Washington

This is the headquarters of army strategy and in case of war would be the center of the mobilization not only of armies but of our economic and industrial resources.

timents and ties may be utilized to contribute to the estimation in which organizations of this army are held in the various communities of the nation.

For the training of the Continental Army, 750 additional regular army officers are provided, together with 792 additional regular non-commissioned officers. During the training periods the units of the regular army will be sent to the training centers to act as models for and to train with the units of the Continental Army, so that the two forces may be integrated as far as possible. Regular officers, however, will not command the Continental Army, but citizen officers of the Continental Army will exercise command therein. These officers will come from ex-officers of the National Guard, of the regular army, graduates of military schools, of the agricultural and mechanical colleges where military instruction is given by officers of the regular army, by promotions from the ranks of the Continental Army and from other sources. Special means will be adopted for gathering and training a sufficient number of officers for the Continental Army.

Facing the Issue Squarely

If the Continental Army does not succeed, it will be because it is impossible to build an adequate military system upon the voluntary principle. There are hundreds of thousands of young men in this country available for military service who either attend institutions of learning or live on farms so situated that it is not possible for them to join the military companies of the National Guard which are situated in the towns and cities and which engage in military exercises one night a week. There are many others who for one reason or other do not wish to join the organized militia. Through the instrumentality of the Continental Army there is put up to these young citizens the square issue of whether they will come forward to make them-

selves fit in some degree to serve their country in time of war and engage for such service in case of need.

The issue is not confused by any incidental or collateral questions. Through the Continental Army there is put up to the individual citizen the bald issue of whether he will make a reasonable sacrifice in the interest of the safety of the nation. If he is unwilling, then there must be compulsory service, or the safety of

the nation will be imperilled.

It is proposed that the Continental Army shall come out for service for a period of not less than a month a year; that enlistment therein shall be for three years with the colors and three years on furlough, with liability for service in time of war or when war is imminent. The Continental Army, rank and file, will be paid while on active service and during training periods on the same basis as the regular army is paid, will be uniformed and equipped as the regular army and organized as is the regular army. The officers and men of the National Guard will have the right to come into the Continental Army by virtue of their present membership in the National Guard, grade for grade and rank for rank, either individually or as organizations, without any discrimination whatsoever.

The Continental Army will be raised in annual increments of 133,000 men. Thus, the first year there will be 133,000; the second, 266,000; the third, the full complement of 400,000. Thereafter each year 133,000 will go into the reserve and a new annual contingent of 133,000 come to the colors.

The National Guard Not to Be Disturbed

It is no intent of the program to do away with the National Guard, to discourage it in any way or to withdraw in any degree the support heretofore and at the present time given it by the Federal Government. On the other hand, it is proposed practically to double the appropriations made for its support, to retain every plan for its utilization in time of war and bestow upon it all of the conserving care that should be bestowed on what ought to be a considerable Federal asset.

It is recognized that the States need armed bodies to maintain domestic order within the States. Those States that do not have a State constabulary must have

(Concluded on page 21.)

The Navy Program and What It Means

By HON. FRANKLIN D. ROOSEVELT

Assistant Secretary of the Navy

THE nation has received, during the past few weeks, definite assurance that the Administration seeks greater and stronger means of preparedness against war. These assurances exist in the annual estimates and reports of the Secretary of War and of the Secretary of the Navy, and, as a fitting climax, in the message of the President to the first session of the 64th Congress.

In giving a brief description of the proposed increases so far as they affect the navy, it is unnecessary to go into any academic discussion of the relative merits of national defense as opposed to national passive resistance. It is sufficient to say that the executive branch of the federal government has declared that it favors defense against possible aggression, and that our means to conduct such defense are inadequate. Congress has, therefore, been asked to authorize steps towards obtaining sufficient means.

People are beginning to realize more and more, especially since the general European conflict,—that the mere valor of an over-night "spring to arms" not only cannot save a people from defeat and possible loss of liberty, but that it will result in the needless sacrifice of human lives and of material well-being. Science and forehanded preparation are necessary to make courage count.

Conclusions of the General Naval Board

If we thus recognize the value of expert advice, it will be of interest to set down the conclusions of the General Board of the Navy for the past twelve years. This board, it will be noted, has consisted of naval officers of great experience, changing in its makeup from year to year.

In October, 1903, the General Board sent to the Secretary of the Navy a report which has become historic. It outlined for the first time a definite policy of naval construction based on its opinion of the needs of the nation for adequate naval defense. This opinion was that the main fleet of the United States ought to consist of 48 battleships, together with the lesser units and auxiliaries, in the proportions believed to be best to

complete a fleet. The year 1919 was set as the period when such increase should be complete. This report was not made public until many years later, but was referred to every year in the hearings before the naval committees of Congress.

In 1903 the navy had 10 battleships completed and 14 more under construction or authorized. The General Board's recommendation therefore, provided for a consistent two-battleship-a-year program, exclusive of the replacement of a few older battleships which, by 1919, would have become obsolete and unable to maintain their place in the fighting line. Since the year 1903 Congress has authorized two battleships in 1905, 1908, 1909, 1910, 1911, 1914 and 1915: one battleship only in 1904, 1906, 1907, 1912 and 1913, and one additional battleship in 1914 to be built out of the proceeds of the sale of two of the older battleships. No provision has been made for the replacement of any of the now obsolete types built before the Spanish war.

Our Battleship Fleet To-Day

As a result, the battleship fleet of the United States consists today of the following ships built, building or authorized: Dreadnaughts, 17; Pre-dreadnaughts, 22; Harbor defense battleships, 3; total 42.

In view of the fact that the 1903 report of the General Board contemplated the authorization—in 1915—of the last two ships of the 48-battleship program and their completion by 1919, it will be seen that the navy is, at the present time, six battleships short of attaining the achievement of the policy of the General Board as announced twelve years ago. Furthermore, this does not take into consideration the replacement of at least three ships, the *Oregon*, *Massachusetts* and *Indiana*, which, because of their age (25 years from date of authorization), would now be useful only as a kind of floating fort to be used at a harbor mouth.

While, for the past two years, the appropriations by Congress for the navy

have been more liberal than ever before, both in the amount of money appropriated and in the number of ships authorized, it has become clear that the present strength of the navy is only about three-quarters of what it would be had the policy of the General Board been previously carried out. This statement applies to capital ships, and in the matter of minor vessels and auxiliaries the proportion is even less. In this connection it is interesting to note that navy experts of this country, including the changing personnel of the General Board from year to year, have been practically unanimous in adhering to the original policy of 12 years ago. Developments of a year of warfare in Europe have, if anything, made our necessities greater.

Deficits of Long Standing

Therefore, while the appropriations of 1914 and 1915 have more than ever before conformed with the original General Board plan, we are today confronted by the deficits created during the previous ten years. To create at one stroke of legislation the units in which we were lacking, the units in which we had been slipping farther and farther behind from 1903 to 1913, would have been a problem of the greatest national magnitude, financial and economic.

Quite aside from the raising of half a billion of dollars in one year, the capacities of shipyards, government and private, of tool shops and steel mills, are inadequate as at present constituted for handling such a building program at one time. It was, therefore, decided to submit to Congress recommendations for the authorization of the expenditure on new construction of \$500,000,000 during five years. If we take as a criterion the \$47,000,000 appropriated in 1915 for increase of the navy, the new policy of the Administration involves additional expenditures for increase of the navy of about \$53,000,000 a year for five years, or a total of \$265,000,000. This, however, includes \$25,000,000 for the creation of a reserve of war munitions which the experiences of the past year of warfare abroad teaches us is essential. The net increase in figures, therefore, for the construction of ships over and above what might be called the present rate of naval progress, will amount to \$240,000,000 in five years, or about \$48,000,000 per annum.



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Assistant Secretary of the Navy, Hon. Franklin D. Roosevelt

In regard to the number of ships which it is proposed to build in connection with such appropriations, together with the distribution of such building, the tables on this page are self-explanatory.

How We Will Stand in 1920

From these tables it will be noted that if this program is carried out, the navy will have built, building and authorized in 1920, 27 ships of the dreadnaught or first line type, and 13 serviceable pre-dreadnaughts of the second line, or a total fighting fleet of 40 battleships. In addition to this it will have 6 modern battle cruisers.

It is, of course, true that in 1920 the United States will still have 9 battleships which the General Board classifies as superannuated pre-dreadnaughts, 3rd line, and three other battleships classified as harbor defense battleships. It is, of course, obvious that while the name of these ships has not been changed from that of battleships, no reasonable person would expect them to take their place in the first line or to give battle at sea with any possibility of success against modern dreadnaughts.

The proposed increase of the navy is by no means drastic. It seeks to remedy, but to remedy only in part the deficiencies which existed during many years. It should be remembered that even in 1920 this program will not be completed. The smaller ships authorized that year will not be completed for two years more, and the battleships and battle cruisers authorized that year will not be completed sooner than 1924.

The increases proposed are so slight that, in the judgment of the writer, it would be a fundamental mistake of business judgment to pay for this increase by an issue of United States bonds. Practically, we are making up, and making up only in part, for naval deficiencies from 1903 to 1913. Future generations should not be asked to pay for these. The additional \$50,000,000 per annum can, and I believe will, be gladly met by the people of today.

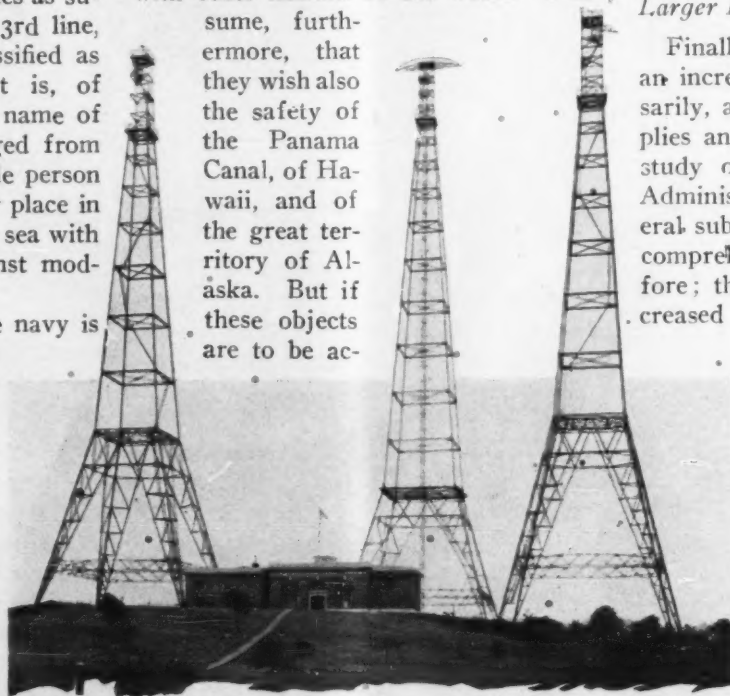
Our Preparedness Purely Defensive

Preparedness is of necessity a relative term. American preparedness has never sought to develop military power to be used for aggressive purposes. What its military power for purely defensive purposes shall be must depend upon the mili-

tary power which could probably be brought aggressively against it. I do not know a single citizen of broad views and wide information who has studied the subject who does not believe emphatically that the power of our navy as it exists today is not adequate in the correct sense of the term.

People are beginning to realize that naval defense does not mean merely the protection of certain harbor mouths along our Atlantic and Pacific coasts. Naval warfare from its earliest days has meant the control for defensive purposes of those portions of the ocean in which a country is immediately interested. I assume that in case of war the American people would wish to be able to continue their trade relations, export and import, with other nations of the world. I as-

sume, furthermore, that they wish also the safety of the Panama Canal, of Hawaii, and of the great territory of Alaska. But if these objects are to be ac-



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Wireless Towers at Arlington, an important factor in the system of communication between our navy and the Department

complished, an adequate navy must emphatically be an adequate sea-going navy,

	Built, or authorized 1915	Building year program 10	Five year program 10	Total built, building or authorized 1920
Battleships, first line	17			27
Battleships (dreadnaughts) second line	13			13
Battleships (superannuated pre-dreadnaughts) third line	9			9
Battleships (superannuated) harbor defense	3			3
Battle Cruisers		6		6
Armored Cruisers (superannuated) possible use as scouts	10			10
Scout Cruisers	3	10		13
Cruisers 1st, 2nd and 3rd class	18			18
Destroyers	58	50		108
Fleet Submarines	3	15		18
Coast Submarines	72	85		157
Harbor Defense Monitors	6			6
Gunboats	16	4		20
Supply Ships	4			4
Fuel Ships	13	2		15
Transports	4			4
Torpedo Tenders	3			3
Ammunition Ships	1	1		2
Special types	6	2		8

Larger Lines of the Program

Finally, it must be remembered that an increase of ship units means, necessarily, an increase in personnel, in supplies and in repair facilities. A careful study of the recommendations of the Administration will show that the general subject has been studied with more comprehensive thought than ever before; that the recommendations for increased defense in its broad principles incline to the conservative rather than to the radical.

A Businesslike Solution

The program does not go as far as many would desire, or even as has been suggested as necessary by many experts. It is, however, the first attempt to apply ordinary business sense to this great national problem. It is, of course, for the people of the United States, through their representatives, to say how fast the extension and development shall go on. But a real beginning has for the first time been made in defining the true requirements of national safety.

	1917	1918	1919	1920	1921
Dreadnaughts ..	(2) \$15,560,000	(2) \$26,580,000	(2) \$37,600,000	(2) \$37,600,000	(2) \$37,600,000
Battle Cruisers ..	(2) 11,158,000	11,921,000	(1) 17,500,000	(2) 17,118,500	(1) 23,460,500
Scout Cruisers ..	(3) 6,900,000	(1) 6,350,000	(2) 10,000,000	(2) 8,650,000	(2) 10,000,000
Destroyers ..	(15) 10,500,000	(10) 16,900,000	(5) 10,000,000	(10) 10,300,000	(10) 13,600,000
Fleet Submarines ..	(5) 4,425,000	(4) 5,577,500	(2) 5,437,500	(2) 4,215,000	(2) 3,400,000
Coast Submarines ..	(25) 5,750,000	(15) 13,950,000	(15) 9,750,000	(15) 9,750,000	(15) 9,750,000
Gunboats ..	(2) 760,000	(1) 1,140,000	380,000		(1) 380,000
Hospital Ships ..	(1) 1,250,000	1,200,000			
Ammunition Ships ..				(1) 799,587	(1) 1,766,000
Fuel-oil Ships ..	700,000	(1) 655,250		(1) 700,000	655,250
Repair Ship ..					(1) 1,175,000
Total ..	\$57,003,000	\$84,273,750	\$90,767,500	\$89,133,087	\$101,786,750
For completion of ships previously authorized ..	28,369,127	20,149,000			
Total ..	\$85,372,127	\$104,422,750			
Aviation ..	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserve of munitions ..	8,000,000	5,000,000	5,000,000	5,000,000	2,000,000
Grand Total ..	\$95,372,127	\$110,422,750	\$96,767,500	\$95,133,087	\$104,786,750
Grand Total for five years, \$502,482,214.					

The Campaign for a Tariff Commission

What Congress and the National Chamber are Doing to Further It

FOR more than sixty years, the tariff has been a source of constant friction between government and business. This has been due chiefly to the fact that, when a tariff policy has been determined, Congress, in endeavoring to apply such policy, has been involved in controversy over the facts of industry and commerce. These facts have never, except in a very few instances, been authoritatively ascertained.

Thoughtful business men of all shades of opinion are rapidly coming to realize that the only way of authoritatively ascertaining such facts is through the efforts of a permanent, non-partisan tariff commission. The Chamber of Commerce of the United States has consistently stood for a tariff commission. THE NATION'S BUSINESS has printed the testimony of a great many prominent men as to the need of such a body.

Senator Gore's Advocacy

A series of cogent speeches in favor of a tariff commission were made at the recent meeting of the Members' Counsel of the Merchants' Association of New York. Among the speakers were President Fahey, of the National Chamber; Henry R. Towne, Treasurer of the National Tariff Commission Association, whose opinion we quoted in THE NATION'S BUSINESS for October, and finally United States Senator Thomas P. Gore, of Oklahoma.

Referring to the competition which we will have to face after the European war, Senator Gore said:

There are many facts, many factors, which constitute competitive conditions and out of which emerge those economic laws which govern trade and commerce. These facts the larger business concerns may be able to assemble for themselves. The smaller concerns have neither the means nor the facilities. Yet these facts should be made a matter of common knowledge. This is my paramount reason for favoring a tariff commission.

Senator Gore favored a tariff commission rather than a congressional committee to ascertain these facts because such a commission would be

"constituted more largely of experts and trained economists" and, he says, "it would be more exempt from pollution and less affected by bias and prejudice, and it would be practically in continuous session." The real question, concluded the Senator, is not whether "we will establish a tariff commission or whether we will not establish a tariff commission;" the only question is this, "whether the Democrats will establish such a commission now or leave it for the Republicans to establish it hereafter. Such a commission is an inevitable step in the evolution of international commerce."

The National Chamber is now actively engaged in a campaign to bring this matter urgently before Congress. The Chamber's tariff commission committee, completed during the last days of November, consists of Francis F. Prentiss, of Cleveland; Caesar Cone, of Greensboro, N. C.; William Goldman, of New York; E. W. McCullough, of Chicago; Daniel P. Morse, of New York; Francis T. Simmons, of Chicago; William H. Stevenson, of Pittsburgh; Daniel W. Whitmore, of New York.

These leaders of business thought and action have already inaugurated an educational campaign on the question. A number of commercial organizations, the constituent members of the National Chamber, have appointed committees of their own to cooperate with the larger committee. Nearly 200 of these local organizations have so far joined in this campaign.

The question of a permanent tariff commission was among the first subjects which came before the Chamber of Commerce of the United States. At its

first annual meeting a resolution advocating such a commission was adopted. During the spring of 1913 a referendum

was taken, by which 715 votes were cast in favor of a commission with only 9 votes opposed, the affirmative vote representing the dominant opinion among 115,000 business men.

There never was a time when a tariff commission was more necessary for the national welfare than at present. The European war has already led to many important changes in international trade. It will have its greatest economic effects after that war has ceased. The industrial and commercial competitors of the United States will then be forced to enter upon new schemes of taxation, new tariff policies, new plans for foreign trade. All these departures will be based on accurate know-

ledge of commercial conditions. The United States will be forced to follow their example. Business men must know these facts of industry. They can be determined only by a commission of the kind in question.

Bills Introduced in Congress

In the first week of the Sixty-Fourth Congress, five tariff commission bills were introduced, by Senators Gore, of Oklahoma, and Poin Dexter, of Washington; and Representatives Lenroot, of Wisconsin; Morin, of Pennsylvania; Sabath and Mann, both of Illinois; each one embodying in the main the demand for a commission along the same general lines as those laid down by the National Chamber in its referendum adopted on June 14, 1913.

In advocating a permanent tariff commission, the National Chamber represents the opinion among the commercial and trade organizations in its membership. The interests of labor and agriculture which are the same as those of business men, have representation through the Tariff Commission League. This organization has drawn up a bill for introduction in Congress.

In the words of the Honorable Champ Clark, re-elected on December 6 to the Speakership of the House, but spoken in 1911 when he was minority leader: "The demand for a non-partisan tariff board is insistent and increasing. In fact, it is wide-spread and, in my judgment, should be heeded."



© Harris & Ewing
Representative Sabath, of Illinois, who has introduced a Tariff Commission bill.



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Senator Gore, a Democratic leader, favors a Tariff Commission.

Scientific Shop Management and the Government

THUS far legislation against scientific shop management has been limited to government arsenals and navy yards; it is embodied in the Deitrick amendment to the army and navy appropriation bills for 1915-1916. A Senate Document (No. 800, 63rd Congress, 3rd session) contains the following passages which may illustrate something of the attitude or organized labor in the matter, taken from Circular Number 12 addressed by the International President, International Association of Machinists, to the members of the association on April 26, 1911.

"*** The latest danger, and the one we propose to deal with in this letter, is the so-called Taylor system of shop management. *** The installation of the Taylor system throughout the country means one of two things, i. e., either the machinists will succeed in destroying the usefulness of this system through resistance, or it will mean the wiping out of our trade and organization with the accompanying low wages, life-destroying hard work, long hours, and intolerable conditions generally."

Two months later the Secretary of War received two petitions from the employees of the Watertown Arsenal asking him to abolish the Taylor system—a system which the Chief of Ordnance informed him had resulted in "a material reduction in the cost of general manufacture at that place," an increased earning of wages on the part of a large percentage of employees and, after five years of experiment, no decrease in the health, good will or happiness of the men.

From this it is obvious that there are two sides to the question of scientific shop management. The father of the idea is generally admitted to be Mr. Taylor, although an army officer, Captain Henry Metcalfe, of the Ordnance Department, as early as 1885 is credited by Mr. Taylor himself as being one of the originators and inventors. The system, in fact, is one of the fruits of modern industrialism. The growth of huge industries, uninterrupted production in enormous quantities, the organization of labor, combinations of capital, have all served to accentuate and lay emphasis on the question of reducing the cost of production. The Germans have not invented efficiency; every modern captain of industry has been inventing and perfecting

it for twenty years and more. Only two obstacles have obstructed their path; human nature and modern society.

The Taylor system has been criticized without a thoroughly impartial understanding of the theory in which it had its origin. There is a general idea that it is connected in some objectionable and inquisitorial manner with a stop-watch. As a matter of fact, scientific shop management today consists of two distinct

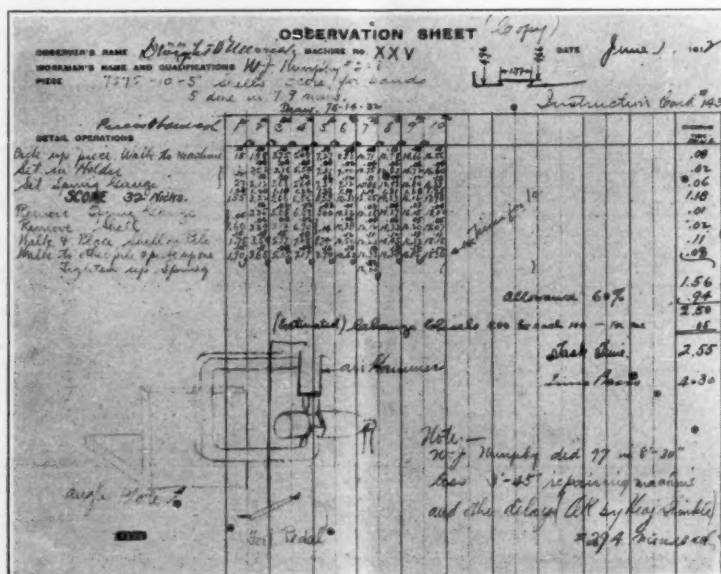
tion of a workman on any given piece of work is timed to a matter of seconds. The ideal being established, the scientific manager determines how much leeway should be allowed for the human equation and then offers a premium payment for every unit of time by which the operative beats this practical standard. It must be remembered that piece-work is a well established practice in American manufacture—namely, the system of

setting a price on a given piece of work and letting the workman take his own time. If the price is \$15 and the man completes the job in two days he earns \$7.50 a day. If he takes five days, he only earns \$3 a day. Theoretically, scientific shop management aims, in one of its phases—that of personnel—to accomplish on solid principles what the piece-work system achieves by rule-of-thumb.

But here human nature steps in. Piece-work is a gradual growth which has finally achieved the sanction of established practice. If a man is ambitious he can work himself to death under it. If he is lazy he may be content to make a fair

showing. Nevertheless, in any case, his reward is arbitrarily set by his superiors. With scientific shop management the case is different. It is an innovation which even by its advocates has been characterized as revolutionary. Mr. Taylor admitted frankly to a committee of Congress that he aimed by his system to have a first-class man on every job. In other words, he sought to make each job fit each man; putting the most skillful men on the most difficult work and the less skillful men on work which required a lower degree of skill still to produce a perfect job.

The Secretary of War requested that the Commission on Industrial Relations investigate the general question. The report of the expert employed by the Commission, Prof. R. F. Hoxie, has just been published although the commission as a whole has not endorsed it. The report, while containing many strictures on some aspects of the system, nevertheless, is believed to show indications of the grounds on which employers and employees can meet for the promotion of mutual efficiency and welfare.



An Observation Sheet Showing a Time Study of a Job in the Government Arsenal at Watertown

parts. It has, first, demonstrated the great degree of attention, time and energy which can be devoted profitably to the system and order with which the processes of manufacture can be thought out and planned in advance, and carried through the various phases to completion with a minimum amount of lost motion. The second part of the system relates more closely to personnel and is concerned with the quantity of output which may be expected from each workman and the stimulus which shall be offered to him for measurably approaching a reasonable standard of ideal efficiency. Ordinarily this second part of the system is represented by two features—time-study and premium payments, or bonuses, and it is against these two features Congress has directed its legislative enactments.

Time-study means what it says; an accurate and scientific study of time as an element in a workman's performance. Premium payment also means what it says; prizes. Accurate study of time can only be made with a stop-watch. So the scientific determination of the maximum efficiency of movement and opera-

Cartels and Their Relation to Foreign Trade

By DR. EDWARD EWING PRATT

Chief of the Bureau of Foreign and Domestic Commerce

JUST at the present time manufacturers are applying to Congress and the Federal Trade Commission for permission to combine for the purpose of obtaining foreign trade. American manufacturers, it is said, are placed at a serious disadvantage in competing with foreign exporters because combination is permitted abroad and in many cases is encouraged. Perhaps the most frequent reference in this matter is to the German practice.

What the Cartel Really Is

The German cartel, according to the definition of a prominent German economist, is an organization of industrial or of agricultural producers, based upon voluntary agreements, formed for a limited period, principally for the purpose of assuring and improving the profits of producers. The cartel has the character of an association, all members of which are independent producers who retain their commercial independence, but who limit their freedom of action for the specific purpose for which the cartel has been organized. The component parts of the cartel are not dissolved in it, as are the companies combined in a trust.

These combinations are numerous and strong in the so-called "heavy industries," marketing fairly uniform products particularly if the entire output of raw or semi-manufactured products are in the hands of a limited number of producers and limited to a certain territory. On the other hand, they are less aggressive and less successful among manufacturers of minor finished articles whose factories are scattered over a wide area.

Cartel agreements and conventions are most numerous among producers of brick, iron, chemicals, cement, lime, etc. The most important are found in the mining and in the chemical industries. In proportion to their importance the textile, the leather, and the provision trades have the smallest number. There are 10 coal and 62 iron cartels. The textile and allied trades have only 31 cartel organizations, a very small number in proportion to the numerous manufacturing enterprises in these trades. The textile trade, which is decentralized and includes many enterprises of minor importance, is

quite incapable of maintaining a really effective cartel organization.

The character of the trade to which the goods are sold is likewise an important factor. It is difficult to maintain a successful cartel if customers buy on a small scale and are widely scattered. On the other hand, if the customers are large enterprises, solvent and limited in number, the cartel has greater success.

German cartels may be stock companies, limited-liability companies, ordinary associations. They may not even have the form of an association and represent

producer, is a component part of this syndicate. The chemical trades have evolved a number of im-

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Cartels and Their Relation to Foreign Trade

By DR. EDWARD EWING PRATT

Chief of the Bureau of Foreign and Domestic Commerce

JUST at the present time manufacturers are applying to Congress and the Federal Trade Commission for permission to combine for the purpose of obtaining foreign trade. American manufacturers, it is said, are placed at a serious disadvantage in competing with foreign exporters because combination is permitted abroad and in many cases is encouraged. Perhaps the most frequent reference in this matter is to the German practice.

What the Cartel Really Is

The German cartel, according to the definition of a prominent German economist, is an organization of industrial or of agricultural producers, based upon voluntary agreements, formed for a limited period, principally for the purpose of assuring and improving the profits of producers. The cartel has the character of an association, all members of which are independent producers who retain their commercial independence, but who limit their freedom of action for the specific purpose for which the cartel has been organized. The component parts of the cartel are not dissolved in it, as are the companies combined in a trust.

These combinations are numerous and strong in the so-called "heavy industries," marketing fairly uniform products particularly if the entire output of raw or semi-manufactured products are in the hands of a limited number of producers and limited to a certain territory. On the other hand, they are less aggressive and less successful among manufacturers of minor finished articles whose factories are scattered over a wide area.

Cartel agreements and conventions are most numerous among producers of brick, iron, chemicals, cement, lime, etc. The most important are found in the mining and in the chemical industries. In proportion to their importance the textile, the leather, and the provision trades have the smallest number. There are 19 coal and 62 iron cartels. The textile and allied trades have only 31 cartel organizations, a very small number in proportion to the numerous manufacturing enterprises in these trades. The textile trade, which is decentralized and includes many enterprises of minor importance, is

quite incapable of maintaining a really effective cartel organization.

The character of the trade to which the goods are sold is likewise an important factor. It is difficult to maintain a successful cartel if customers buy on a small scale and are widely scattered. On the other hand, if the customers are large enterprises, solvent and limited in number, the cartel has greater success.

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Banking Opportunities in South America

SOUTH American banking opportunities present a particularly attractive field for American study and enterprise just at present. Trade between North and South Americans has been developing very rapidly during the past few years. Moreover, just at the time when the United States had become an investing nation, sending its capital abroad in large amounts to Latin America, and the adoption of the Federal Reserve System had made a remarkable improvement in the handling of gold and credit, the outbreak of the European war came to stimulate suddenly and intensely the trade relations between the two sections of our western hemisphere. Not only has it cut off for an indefinite period a considerable amount of European trade in South America and deprived the latter of the steady inflow of European capital, but it has at the same time enormously increased our export and import business with our Latin American neighbors.

A comprehensive study of "Banking Opportunities in South America" by William M. Lough, Special Agent of the Department of Commerce (whose



Branch of the German Overseas Bank at Arequipa, Peru

pamphlet on Financial Developments in South American Countries was referred to editorially in October), has just been brought out by the Bureau of Foreign and Domestic Commerce of the Department of Commerce.

The Geography of the Problem

According to Mr. Lough, who has had special opportunities for studying financial conditions throughout Latin American countries, it is necessary for a prospective banker to divide South America into four general divisions, each of which is economically distinct from the other. First, there is the Amazon Basin, most of Brazil and the eastern

lowlands of Peru and Bolivia, the region of tropical forests; second, the River Plate basin, southern Brazil and northern Argentina—"fertile, prosperous and partly developed agriculturally;" third the west coast, comprising Chile, western Bolivia, Peru and Ecuador—"on the top or the sides of the Andes" and partly fertile and partly barren but full of minerals; fourth, the north coast comprising Colombia and Venezuela—a coastal section tropical and torrid and higher lands with "pleasant cattle grazing regions."

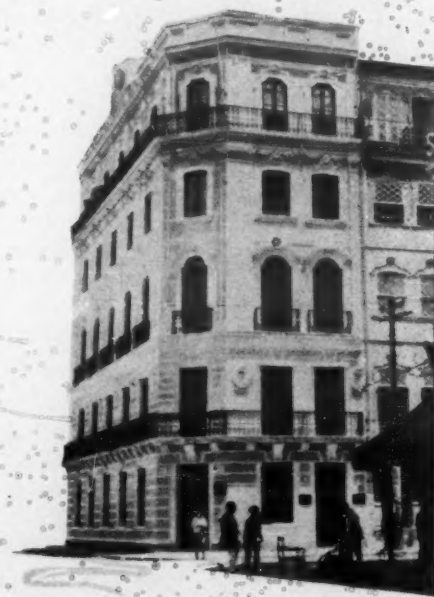
Each of these divisions sends its products by different shipping routes. "It is probably safe to say that each of the four regions has much closer relations with the United States and Europe than with any of the other three regions." Trading and banking organizations have instinctively learned to follow this four-fold division of South America.

Political Stability and Business Safety

Speaking of the political stability upon which the safety of business enterprise depends as it is found in South America, Mr. Lough says: "So far as most of the South American republics are concerned, the prejudice against South America as revolutionary is distinctly unjust." In the more prosperous countries there is less prospect of serious political upheavals than in many other civilized nations. In other countries where revolutions have occurred they have proved to be party struggles which have had "no really damaging effects on the property interests either of natives or of foreigners." In support of this Mr. Lough points out the fact that Europe has invested more than four billions of dollars in South America and has continued year after year to pour great sums into the more progressive countries.

With regard to population changes, he points out that, owing to poverty, unsanitary living and ignorance, the death rate is abnormally high although the birth rate is above the average. More education and better distributed prosperity which will come with the development of natural resources by foreign capital will result in this condition being changed. Immigration will also help.

With regard to the instability of the different national currencies in South America, we are reminded that throughout the continent, except in Venezuela, the currency is now paper. In some cases this paper currency is backed by a high reserve and founded on sound economic conditions. This is true of Ar-



Branch of the British Bank of South America, Bahia, Brazil

gentina and Uruguay. In other cases where there has been a temporary derangement of the currency system and some depreciation occasioned by the European war (Bolivia, Peru and Ecuador) a sound and stable currency will be restored after that war. In other countries like Brazil, Paraguay and Chile, there is a paper currency of uncertain value which would seem to make investment unfavorable, at least for a time.

National Resources As They Are

With regard to the agricultural and mineral resources, Mr. Lough is very optimistic. He does not believe that there is any reasonable likelihood that for several generations any section of South America will become a great manufacturing center. Nevertheless, he says that there are opportunities in this field for profitable development. As far as general trade is concerned he believes that general retail stores built up by American methods and American capital will prove profitable. He also believes that transportation development opens up opportunities for American capital.



The Bank of Argentina, Buenos Aires

A detailed study of British, German, French and other investments in South America, occupying many pages, brings Mr. Lough to the conclusion that in most of the South American countries "closer supervision of revenue collections, combined with reasonable economy and administration would be sufficient in themselves to replace current deficits by substantial surpluses, thus immediately raising the credit of the government to a higher level." Even without reforms along these two lines there are some issues on the market or in prospect which are "clearly excellent investments."

British and German Banks

Considerable space is given in Mr. Lough's book to a study of the British and German banking institutions. He gives detailed study to the five British banks: The London and River Plate; the London and Brazilian; the British Bank of South America; the Anglo-South American Bank; and the Commercial Bank of Spanish America, each of which works within a certain zone of influence in which it aims to hold the leadership. These banks, despite some mistakes and losses, says Mr. Lough, have been on the whole highly satisfactory.

A chapter is devoted to the German banks in South America, consideration being given to the four large institutions—Deutsche Ueberseeische Bank (German Overseas Bank)—the Brasilianische Bank fur Deutschland (Brazilian Bank of Germany); the Bank fur Chile und Deutschland (Bank of Chile and Germany); and the Deutsch Sudamerikanische Bank (German Bank of South America.) These German financial institutions, says Mr. Lough, have been moderately successful and one has been remarkable for energetic and successful extension. "Presumably designed primarily to advance the business interests of the banks which organized them, they have incidentally had a powerful influence on investment of capital and on trade." The banking institutions of other nations, the French, Italian and Spanish, "exist primarily to serve local interests rather than to develop their national trade and investments."

American and Native Banks

Only after the Federal Reserve Act went into effect in November, 1914, was it possible for any bank organized under the National Bank Act of the United States to establish branches abroad. Up to the time of the appearance of this book the only institution which has taken advantage of the powers granted by the

Federal Reserve Act to enter South America (granted to institutions having capital and surplus of a million dollars or more, and at the discretion of the Federal Reserve Board) is the National City Bank of New York, which to date has established branches at Buenos Aires, Montevideo, Rio de Janeiro, Santos and Sao Paulo.

There are many important and successful domestic banks in South America and indeed the idea that South American banking is almost wholly in the hands of foreigners, we are told, is quite unfounded.

A consideration of the banking and general financial institutions in Chile and Peru is followed by a chapter on the conditions of commercial banking throughout South America. Generally speaking, there is but little regulation of banks or cooperation between them. European owned banks are very largely the agencies of nationalization, or at least the centers of European colonies. The would-be American investor, furthermore, is warned that in Latin America business dealings take on very largely a personal character. It is pointed out also that, owing to the undeveloped economic organi-



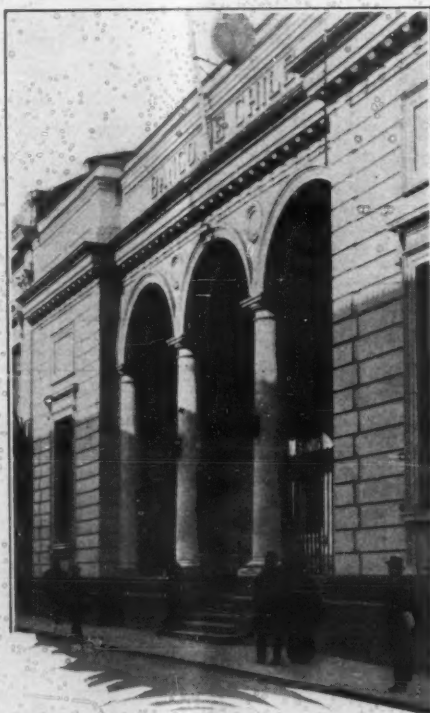
Interior view of the Buenos Aires Branch of the National City Bank of New York

zation in the Latin American lands, the high interest rate and the frequently unstable currency system, he will have to recognize that there is a different if not a greater hazard than at home.

A New "Bank of the Americas"

Banking opportunities in South America will be greatly facilitated by the new financial institution, the Mercantile Bank of the Americas, established a few months ago. The general headquarters of this bank are in New York and, for the present at least, its operations will be limited to the six Central American Republics and Venezuela, Colombia, Ecuador and Peru, working in these countries through agents residing there. This bank has made it a point that its representatives must be firms or institutions of first-class standing, mostly banks or private bankers esteemed in their locality and well acquainted with the character and means of local merchants.

In addition to a general banking business, the new institution proposes to finance imports from Latin America to the United States, advancing when necessary, funds against crops in the field, when proper guarantees are given. The bank, further, is prepared to assist manufacturers who wish to enter this field or to extend their operations, introducing them through its agents to the proper native buyers concerning whom they will furnish information of standing and extent of credit advisable. Furthermore, they will collect the manufacturers' bills on Central and South America and, where the standing of the drawer and drawee justify it, they will discount or advance against the bills. The bank is prepared to advise manufacturers in the matter of the best way of packing goods and of routing them, and of making out consular invoices, etc.



Home Office Building of the Bank of Chile at Santiago

The Bureau of Foreign and Domestic Commerce

THE work of the Bureau of Foreign and Domestic Commerce is of a missionary character. This Bureau is, as it were, a commercial scout of the Department of Commerce. With its commercial attaches and agents abroad, and its "commercial laboratory offices" in this country, it works close to the actual experience of American commerce, both at home and abroad.

The Bureau maintains branch offices in New York, Boston, Chicago, St. Louis, Atlanta, New Orleans, San Francisco and Seattle, and the service is being extended to what may be called "cooperative branches." When a local commercial organization puts in charge of its export department at least one full time employee with satisfactory qualifications, the Bureau of Foreign and Domestic Commerce undertakes to supply that organization with all the information furnished its own branch offices. Commercial organizations cooperating in this way with the Bureau are the chambers of commerce of Cleveland, Cincinnati, Los Angeles, and Philadelphia. The Detroit Board of Commerce is also included. Within the past few weeks the Bureau has taken over the foreign trade branch at Buenos Aires of the Chicago Association of Commerce. The Association is

the first commercial organization in the United States to open a trade office in a foreign country.

The work of the Bureau of Foreign and Domestic Commerce has been one



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Secretary of Commerce Redfield

of the particular objects of care and attention by the National Chamber, and in-

creased appropriations for the extension of its influence and work have been urged in two referenda by the Chamber.

Up to the present time, investigations by the agents of the Bureau have been confined to foreign countries. During the fiscal year just closed, however, as noted in the report of the Secretary of Commerce, similar investigations were begun in the United States. Studies of the dyestuff situation and the question of water terminals and port facilities are still under way. The Bureau, it will be remembered, issues a daily, entitled "Commerce Reports."

In a recent address before the New York Chamber of Commerce, Secretary Redfield announced that the Department had a trained expert in foreign trade traveling throughout the United States, going from factory to factory, particularly those which do no export business, pointing out to them the advantage of foreign trade. A number of these factories, the Secretary declares, have already announced their intention of following the advice of the Department of Commerce and entering actively upon international commerce.

On another page, Secretary Redfield's views on dumping as set forth in his report are presented in brief.

Some Needs of Our Water-Borne Trade

IN the opinion of the Secretary of Commerce, the United States government does not devote enough attention or money to the protection and extension of its water-borne trade. A large part of the report of the Secretary for 1915, made public on December 20, is taken up with the consideration of water-borne trade and the precautions necessary to safeguard it. The report recounts the work of the Department in its subordinate bureaus, the Coast and Geodetic Survey, the Steamboat Inspection Service and the Bureaus of Navigation and Lighthouses.

The significant achievements of the Coast and Geodetic Survey in "Safeguarding Our Waters for Life and Commerce" were set forth in the pages of THE NATION'S BUSINESS by the Superintendent of the Survey, in August. In his report, Secretary Redfield calls particular attention to the increase in facilities necessary in order properly to survey and chart our domestic waters. He notes the fact that the Survey now has sub-offices

for geodetic work at Manila, Seattle, New York, San Francisco, Galveston, Boston and New Orleans. He proposes the purchase of a harbor in the Aleutian Islands as a federal base from which to direct the activities of the Bureau of Fisheries, particularly the care of the seals. The Lighthouse Bureau, he says, would also be greatly benefited.

Needs of Steamboat Inspection Service

The Steamboat Inspection Service came sharply into public view during the past summer after the *Eastland* horror. Mr. Redfield declares that the inspection service is in many points "both undermanned and overworked." The National Chamber has been cooperating with the Department in an earnest effort to have the service modernized and its work extended. The Secretary calls attention to the dangers arising from the lack of direct control by the Department over motor boats. At present it has no jurisdiction over vessels under fifteen tons measurement which do not carry

passengers or freight for hire. For such direct control, the Secretary asks. He also requests legislation requiring that excursion steamers be constructed of fire-proof material and that the laws regarding the transportation of dangerous articles be strengthened.

The Bureau of Navigation, the Secretary points out, has had many additional responsibilities put upon it in recent years. The increase in the number of merchant ships of the United States (see a number of articles in recent issues of THE NATION'S BUSINESS, notably in our November number) since the Ship Registry Act of August, 1914, the rapid extension of the use of radio communication, and, more recently, the requirements of the Seamen's Act,—all these, in addition to the enforcement of the general navigation laws and the measurement of vessels for the Panama Canal, have, the Secretary claims, added enormously to the responsibility and work of the Bureau of Navigation.

Why Do the Slides Occur at Panama?

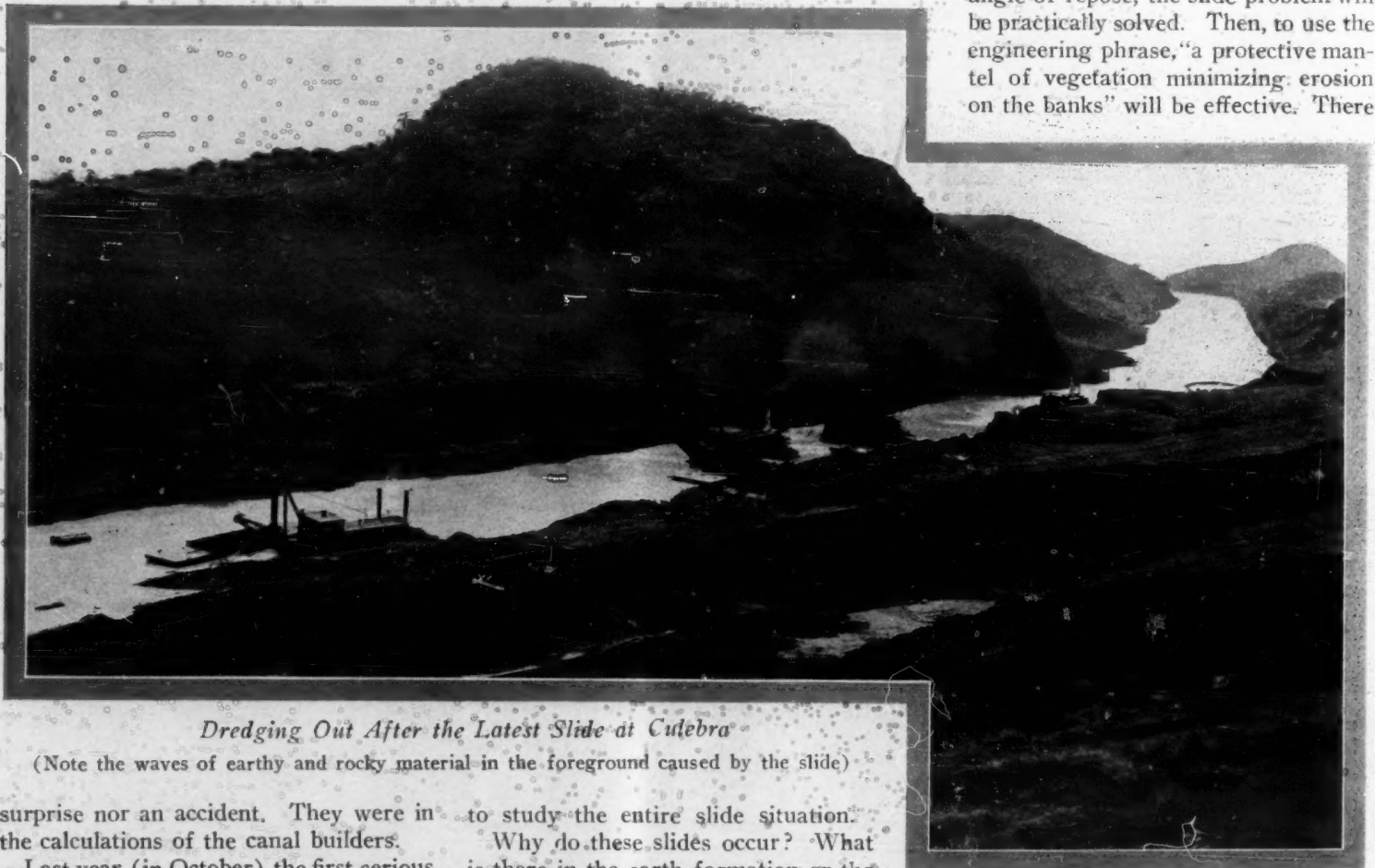
The Engineers Are Still Seeking the Angle of Repose at the Great Waterway

WHEN the engineers began work at Panama they realized that there would almost certainly be slides at Culebra even after the great waterway had been opened and pronounced practically complete. Therefore, the recent slides and interruption to traffic are not a

Colonel Goethals, who had presented his resignation to take effect November 1, withdrew it and returned to "complete his job." A commission of scientists, nominated by the National Academy of Scientists, and appointed by the President, sailed for Panama on December 11

crease the natural tendency of the sides of the great waterway to slip.

The engineers believe that the rock conditions along the canal will limit the slides within certain fairly definite bounds and that, when the side slopes have been reduced to what they call the angle of repose, the slide problem will be practically solved. Then, to use the engineering phrase, "a protective mantle of vegetation minimizing erosion on the banks" will be effective. There



Dredging Out After the Latest Slide at Culebra

(Note the waves of earthy and rocky material in the foreground caused by the slide)

surprise nor an accident. They were in the calculations of the canal builders.

Last year (in October) the first serious slide occurred at Cucaracha, resulting in a suspension of traffic. In August of this year and early in October, other slides occurred and complete stoppage of navigation resulted.

It was on the night of October 2 that the first large slide of the recent series occurred. At that time the Canal Commission issued a statement to the effect that the canal would not be open before November 1, but that ships waiting at the Isthmus would be permitted to transfer their freight across by rail at an all-inclusive charge of three dollars per ton. A few days ago the Commission stated that "continual movements of sliding material make it impossible to predict any approximate date of reopening the canal." In the two slides of this year, somewhat more than half a mile has been involved. Dredging at once began and

to study the entire slide situation.

Why do these slides occur? What is there in the earth formation or the character of the engineer's work that induces, or fails to prevent, these slippings of the earth's surface into canal bed? According to the report of the Geologist of the Commission, these slides are to be attributed to two general causes, —(a) the weak and unstable geological condition of the rocks through which the Culebra Cut passes, attributable to nature alone, (b) and the over steepness and height of the slopes, the blasting and other work, for which man is responsible.

The weakness and therefore the sliding tendency of the rocks at Culebra is due to the character of the soil. Not to go into the geological terminology, the mixture of rocks of different age formations, the presence of certain mineral substances which expand and disintegrate by contact with the air, and the surface erosion due to the weather, all in-

is no reason then (says the Annual Report of the Isthmian Canal Commission) why Culebra Cut should not be "as stable and as enduring as similar valleys formed by nature's own sculpturing hand."

The Government is not able at the present writing (December 15) to estimate when the dredging will be completed and the great waterway again open for traffic. It seems likely that several months at least will elapse. Meanwhile shippers and shipowners are informed that during such times as the canal may be closed to traffic, the Panama Railroad will transfer freight across the Isthmus at a certain specified rate per ton. Exact rates should be sought from the Panama Railroad Company at its New York office, or from the Governor of the Canal Zone, Balboa Heights, Canal Zone.

Chambers of Commerce and Alien Workmen

By FRANCES A. KELLOR

Of the National Americanization Committee

THE new Immigration Committee of the National Chamber* and the plans for its work, center interest around what has already been done or proposed by local chambers for the Americanization of immigrant workmen in their communities.

Whose business is it, ideally, to educate the adult immigrant? Who can do it? The answers to these two questions may not be the same. Dr. Claxton, Federal Commissioner of Education, offered a reply to the first a few years ago when he wrote, "The proper education of these people is a duty which the nation owes to itself and to them. To work out the several phases of this vital problem should be the task of this bureau, which will gladly undertake it whenever sufficient funds are made available for that purpose." That day is not yet here.

Meanwhile, industrial communities are left to work out their Americanization problem each for itself. No local public school system can see the work through alone. Nor should it. The results of Americanization are industrial and civic, and industrial and civic as well as educational agencies are required to secure them.

On the industrial side purely, Chambers of Commerce have a direct and logical relation to the community work of Americanization. As a body of employers, they are deeply concerned with the increased industrial efficiency that accompanies a knowledge of English speech. The American employer is not solely or primarily responsible for the Americanization of alien workmen, but they cannot be Americanized without his direct co-operation. That is the gist of the whole matter. "Safety First" can be adequately secured throughout the plant only when the sign language is abolished and when all workmen use a common language—English.

Employers Need American Labor

English-speaking and naturalized workmen are more likely to be permanent residents and form a more stable industrial body. Strikes and plots due

to un-American agitators and foreign propaganda are not easily carried out among men who have acquired, with the English language and citizenship, an understanding of American industrial standards, and an American point of view.

All these things make Americanization a work of direct self-interest to employers. But this is not all. Boards of Commerce in their civic as well as in their industrial capacity are called upon to take the initiative not only in filling factories and foundries with English-speaking, efficient workmen, but in filling cities with English-speaking, efficient citizens, with a competent knowledge of the industrial and social standards of their city, and an individual loyalty to American national ideals. A large body



Two of Detroit's Special Immigrant Officers Looking After Two Newly Arrived Charges

of unnaturalized, non-English speaking, un-Americanized workmen, living in Southern European homes, though in an American city, and cherishing Southern European patriotic ideals, is not an asset to an American community.

How Chambers of Commerce May Help

No Chamber of Commerce can carry the work through alone, but a Chamber of Commerce is without doubt potentially the best clearing house for all other agencies and departments, public and private.

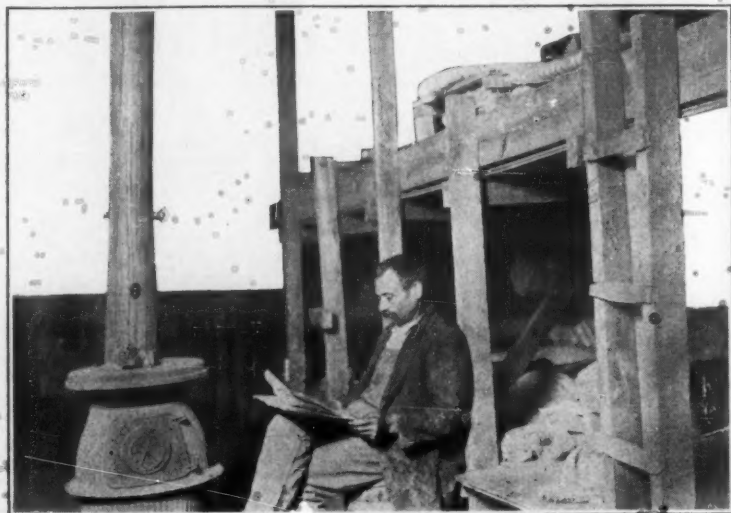
The realization of this is very new in America, but it is gaining steadily. More than anything else, perhaps, it is inaugurating a new era for Chambers of Commerce, and placing them where they belong in the life of the community. This

has been the most interesting aspect of the work in those cities in which Chambers of Commerce have directed Americanization movements: Syracuse, Detroit, Youngstown, Dayton, Utica, Wilmington, Providence, Minneapolis, Reading and San Francisco. Others are coming.

The Chamber of Commerce work has taken different forms in different cities. It has held citizenship receptions for newly naturalized citizens in order to emphasize the common interests and opportunities and loyalties of all Americans wherever born. It has promoted welfare work for the education of immigrants in private plants. It has encouraged and brought about a direct connection between the judges of the naturalization courts and the preparation for citizenship given in the public schools, so that passing the civic course would be accepted by the judge as an evidence of educational qualification for citizenship. It has encouraged the extension of night school facilities by local boards of education, and it has conducted night school campaigns to bring home to immigrant workmen the importance of learning English, and to get them into the schools.

In all this work on the part of the different local Chambers three points stand out with especial force: In this work of Americanization, in thus solidly supporting the public educational system in its attempt to deal with a problem quite as largely industrial as it is social, Chambers of Commerce were in a powerful way supporting a continuing public policy rather than a sporadic "welfare" movement, which is often dependent on the degree of prosperity and may be taken up or laid aside as conditions vary. Secondly, in thus rallying to a vast community need and acting as a clearing house for all the industries of the city, Chambers of Commerce pointed the way to industrial solidarity—a municipal ideal toward which American cities have long been struggling in vain. Thirdly, in calling upon and cooperating with all civic agencies, public and private, Chambers of Commerce were working out the remarkable social influence which they have always potentially had—and often failed to realize.

* Frank Trumbull, Chairman, New York; J. F. Denechaud, New Orleans; Malcolm McDowell, Washington, D. C.; Herbert Myrick, Springfield, Mass.; Julius Rosenwald, Chicago; B. J. Rothwell, Boston; A. C. Weiss, Duluth, and B. L. Winchell, Chicago.



A Hopeful Newcomer in a Cantery Shack

All these points are well illustrated in the night school campaign conducted by the Detroit Board of Commerce during this fall.

The process of assimilation and Americanization is vast and complicated. But the English language and citizenship are the first steps. And a night school campaign is therefore the most practical and immediate approach to the Americanization of a community.

What Detroit Accomplished

Detroit is a typical immigration laboratory of the country. The article "What Detroit is Doing for the Immigrant" in THE NATION'S BUSINESS, last month, recounted the experience of this city in Americanizing aliens. A few things should be emphasized.

Last winter, the Detroit Board of Commerce, fairly driven to it by the unemployment crisis, "took up" unemployment work. It opened an emergency employment bureau. It canvassed employers in an effort to maintain a certain level of employment, avoid too rapid variations, have good workmen carried over the slack period at part pay and part time wherever this was possible. The details of the work are known and need not be repeated here. When spring came one fact stood out very clearly to the Board of Commerce as the result of the winter's experience: "Sixty-one per cent of the men that besieged the bureau for jobs could not speak English. These were the last men for whom jobs could be found." They were in fact the city's labor reserve—undesirable save in the stress of a heavy labor demand. These non-English speaking workmen by the Board's experience and records, formed the lowest industrial factor in Detroit; they formed, also, therefore, one of the

least stable and dependable elements in the community, barely, and not always that; escaping the line of public charges. The facts were a sharp challenge both to industry and to the community.

There were night schools in Detroit last year—but of the many thousands of English-speaking workmen less than three thousand were enrolled. This furnished the Board of Commerce with one index to the Americanization percentage of the city.

Last spring the Board of Education secured from the Board of Estimate a night school appropriation for 1915-16 double that of former years. This meant that there could be more elementary night schools; that they could be held four nights a week instead of three; that the season could cover 100 nights instead of 70.

The Board of Education wished to justify the experiment and fill the night schools. It turned first of all to the Board of Commerce, believing that the employer of immigrant labor could direct non-English speaking workmen to the schools in a manner not open to the Board of Education.

The Board, alert to the situation, conducted a vigorous campaign through employers chiefly, and through every possible municipal and civic agency. The results were: (1) An increase of 153 per cent in the registration for former years; (2) a deepened understanding of the meaning of Americanism and American citizenship among foreign-born and native alike throughout Detroit.

The Board of Commerce, as a first step, sent out a letter to every Detroit industry employing over 100 men, calling

their attention to the large number of non-English speaking workmen in Detroit, asking for information as to the situation within the individual plants, and requesting co-operation in urging all non-English speaking workmen in Detroit to register at the evening schools on September 13.

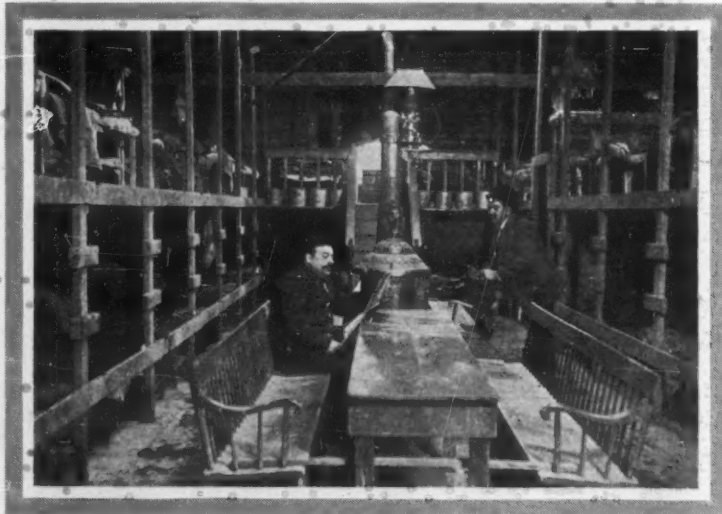
The replies received to the first letter indicated that the importance of the campaign was immediately recognized by employers. Representatives of industries employing large numbers of immigrants were thereupon invited to meet with the Education Committee of the Board of Commerce.

Some Results Attained

As a result of the suggestions received the Board of Commerce submitted a definite plan to every industry in the city employing a considerable number of immigrants. The plan included definite means of organizing night school support within the plant, making a census of the men, giving the matter into the definite charge of some executive officer, and all the different possibilities for calling the night schools to the attention of the workmen themselves; through interpreters, through slips in foreign languages to be included in pay envelopes, through posters, talks, etc.; and especially by adopting as a policy the sign posted by one factory "There is no place in our factory, in Detroit, or in America for men who are not trying to learn our language and become good useful citizens."

In some cases "Safety First" departments took charge of the work; in others, organized welfare departments; in others, an executive of the company

(Concluded on page 20.)



The Imported American Always Starts in as a Worker

Immigrants at work in the Commissary and Bunk House of the New York Barge Canal.

Vocational Guidance and Employment Managers

By FELIX M. WARBURG

VOCATIONAL guidance and the place of the employment manager in industry are topics of the greatest importance and interest to business men. I have had an opportunity to appreciate their importance as a director of several corporations, and as a member of the New York Board of Education, and through my connection with Teachers' College and the Educational Department of Harvard University.

The need of organizing sensible vocation counsel and help for pupils and students is one that requires no argument. We see the result of waste on every hand. With thousands of children going to work as they do, there is every reason why they should be informed of conditions as they are and persuaded to give themselves as good a preparation as they can afford.

In European countries this work has long been tried and the story of the results must convince everyone that, in an industrial country like ours, the schools should energetically give vocational guidance.

The vocational survey which this city

[Minneapolis], is now carrying on is also a work of great importance. It is a good thing for a business organization



Courtesy of The American Hebrew

Felix M. Warburg

Banker, Educator and Student of Economics

to back. The results of such survey will help provide the details for a vocational training scheme. Everybody realizes the value of equipping the workers of the near future for the world market and for the world competition immediately before us.

That business and industry should face the human problem of management is obvious. To train the employment manager for his duties and give him large powers to carry them out properly is a task of clear necessity. The whole question of industrial relations is before us. Within our own establishments we must work out the problems of handling employees in a way to reduce waste as well as friction. The movement for employment managers' associations in various cities should interest all business men. To select employees properly and to give them their proper chances to develop will help solve such questions as the turn over of the working force and preventable unemployment.—In a recent address before the Civic and Commerce Association of Minneapolis.

Chambers of Commerce and Alien Workmen

(Concluded from page 19.)

made himself personally responsible.

Practically all industries agreed in putting up posters, assembling the men to urge night school attendance, and issuing the pay envelope slips provided by the Board of Education.

Classes For Alien Workers

Many employers at once made it clear to their men that in the future the firm would prefer those men who were attending night school and making a definite effort to learn English. Some firms went much farther than this, even making night school attendance compulsory for its non-English speaking workmen.

The Northway Company established a factory class and then gave its non-English speaking men a choice: (1) to attend the factory class; (2) to attend the public night school; (3) to be laid off.

Other industries, opposed to any semblance of compulsion, attempted to promote night school attendance by popularizing the night school idea among the leaders of the various groups.

Others offered a wage increase of two cents an hour to employees who learned the English language. One firm, employing hundreds of non-English speak-

ing men, had particularly late hours, owing to the nature of their work. It would be impossible for their men to reach the night school session in time. The Board of Education guaranteed to furnish ten regular teachers for classes to be held at night in the plant, if the firm would equip ten classrooms. By this arrangement between 700 and 800 men could be instructed. The Board of Commerce, in making the arrangement, recommended that part of the time thus spent in the class room be company time, that the men be able to get their supper in the factory, and that adequate facilities for recreation be included.

The Work in Other Cities

The most significant result of the campaign was the agreement of many industries to follow up the night school attendance and progress of their men throughout the term. The Board of Education authorized special weekly record cards for this purpose and again asked the Board of Commerce to serve as the clearing house for industries in conducting this follow up work, and making night schools a policy among the industries of Detroit.

In both Syracuse and Detroit every possible civic agency was enlisted along with industries. One hundred and forty

thousand handbills were distributed in Detroit—through Boy Scouts at immigrant homes, through nurses of the Public Health Department, through the Poor Commission, through the Juvenile Court, clinics, settlements, Y. M. C. A's., Salvation Army, Federal, State and Employers' Association labor bureaus, and many other agencies. In Detroit nearly 4,000 large display posters were used—500 of them posted free by outdoor advertising companies, others put up in saloons, shops, social centres everywhere. Through moving pictures, meetings, speeches, through priests, pastors and influential leaders of foreign groups, the night school message was carried where it needed to go. In Syracuse the police and college students actively aided in the publicity campaign. Public libraries, and recreation commissions sent invitations to night school.

In such a work, dealing with all the forces that go to make the future of America, a city finds itself, discovers its trend. Moreover, if the Detroit experiment is typical, in this work of Americanization a Chamber of Commerce may often unearth forces which are very important in the financial and social life of the city, but which have been absolutely unknown to the American population.

How Shall We Meet Unfair Foreign Competition?

WHILE "unfair competition" is forbidden by law in domestic trade, and the Federal Trade Commission exists to take steps to abate this evil wherever found, the door is still open to such unfair competition with us from abroad.

Of this "destructive type" of the industrial struggle, Secretary of Commerce Redfield expresses great apprehension in his annual report. The methods used, he insists, are not those of legitimate commerce, but those of "commercial offense." He points out the fact that, when the war in Europe is over, the public control of railways, the semi-official chambers of commerce and the publicly fostered organizations which control great industries in some countries will continue to exist and will certainly all be used in an effort to recover lost commerce. We must prepare for a great commercial war, the Secretary believes. In his judgment, the matter is one which "may more wisely be treated as an attempted wrong to be forbidden than as an economic matter which needs to be re-

strained." The Secretary, therefore, would prefer to deal with it by a method other than tariffs. He says

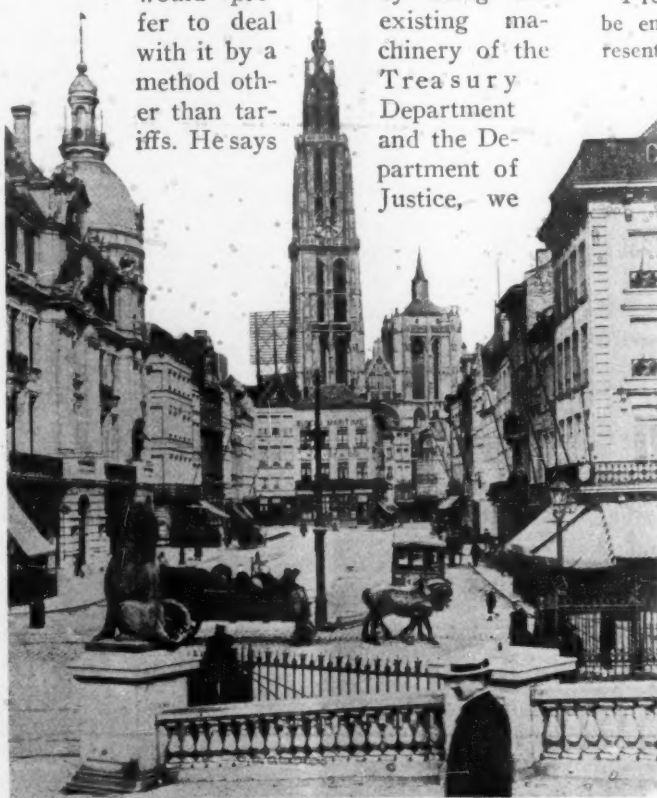
on this point: "It seems possible that, by using the existing machinery of the Treasury Department and the Department of Justice, we

may restrain this foreign 'unfair competition' on both sides of the sea."

I recommend therefore, that such legislation be enacted as will give to the foreign representatives of the above named departments such added powers and increased personnel as they may need for this purpose and that it may be enacted, if possible, that, merchandise sold in "unfair competition" or under circumstances which tend to create a monopoly in behalf of the foreign purchaser in American markets, shall be forfeited.

The Secretary further recommends legislation supplemental to the Clayton Antitrust Act which shall make it unlawful to sell or purchase articles of foreign manufacture where the prices to be paid are materially below the current rates for such articles in the country of production or from which shipment is made—

in case such prices substantially lessen competition on the part of the American producers or tend to create a monopoly in American markets in favor of the foreign producer, and that it be made unlawful for any person to buy, sell, or contract for the sale of articles of foreign origin, or to fix a price for same or to make a rebate upon such price.



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Antwerp—One of Europe's Busiest Ports of Trade

It has been predicted that, no matter what political changes come to Belgium after the war, Antwerp will be the outlet for a vast flood of cheap goods which will be dumped on the United States.

The Army Program and What It Means

(Concluded from page 7)

some organized militia to perform this function. It is recognized that the officers and men of the National Guard constitute the only organized body of citizen soldiers in the country at the present time. It is recognized, further, that the greater proportion of this personnel have been and are in the service of the National Guard primarily with the intention and desire to train for national service in time of war, as the National Guard has been the only body outside of the regular army available for the citizen who wished to train and did not wish to join the regular army. Recognizing the zeal and patriotism that have prompted this personnel, they are made welcome to the ranks of the Continental Army without loss of rank in any way and with every facility and opportunity for the widest service. It is estimated that the National Guard under the proposed military policy will not exceed its present strength of 129,000.

For the forces provided in this program there must be on hand against the outbreak of war great quantities of reserve material. This will cost \$104,326,261.08 and will be provided in four annual increments at the annual rate of \$26,081,565.27.

The Board of Review (that body under the Secretary of War having an advisory function as to all questions relating to our harbor defenses) has recommended (and its recommendation has been accepted) "additional sea coast defenses, necessary accessories and an adequate reserve of ammunition totalling \$81,677,000." This Board estimates that appropriations can be expended to the greatest advantage at an annual rate of approximately \$20,000,000, thus completing the work in four years.

The cost of the proposed program is:
For the first year.....\$182,717,281.35
For the second year.... 212,816,124.97
For the third and fourth years, respectively.... 228,316,124.97
Annually thereafter..... 182,234,559.70

Extending Postal Facilities

AS a means of opening every possible avenue of communication to the use of the Post Office Department the Postmaster General, in his Annual Report, recommends that a government monopoly of all telephone and telegraph lines be declared by Congress and that these be placed under the Department. He also asks for a \$50,000 appropriation for the establishment of an aerial mail service. The Department, he tells us, has compiled a list of routes on which aerial mail service could be established to material advantage.

The European war, according to Mr. Burleson, has cost the American postal service upwards of \$21,000,000 in revenue. Economies of administration, however, he claims, have reduced the deficit to slightly more than \$11,000,000 for the fiscal year ending June last. Notwithstanding adverse revenue conditions, both at home and abroad, the Post master tells us in conclusion, "expansion and improvement of postal facilities continued."

WITH THE ORGANIZATIONS

The Use and Value of Membership Charts

SOME commercial organizations rely on periodical campaigns for increasing membership, others employ paid solicitors or outside agencies, others depend on steady work by the membership committee throughout the year, and still others employ all these methods to a greater or less degree. There are some organizations that, at one time or another, have tried each of the plans. It does not appear, however, that a record has been kept through a period of years, so that there might be some basis of determining what is the best method of keeping up membership, if there be such a thing as a best method.

Let us suppose an organization that had tried all methods through a period of three years had kept a membership chart. Let us assume this chart to be cross ruled in small squares. Down the left hand border are figures representing membership. Across the top are the months of the year.

How a Typical Chart Shows Progress

On the first of January, 1910, there is a membership of, say, 650. The Secretary, counting every resignation as a member lost and every withdrawn resignation as a member gained, every member delinquent as a member lost and every payment of back dues as a member gained, proceeds each month to extend his chart line.

He finds, for example, that this line is having a steady downward slant and he is tempted not to count delinquents and unaccepted resignations as lost members. However, his determination to make a chart accurately reporting conditions prevails and he proceeds so to record them. At the same time, for the purpose of comparison, he decides to carry on the chart a line showing book membership which includes delinquents, and resignations upon which no action has been taken.

In June of the first year it is found that the membership of 650 has fallen to 550. It is determined to start a campaign. This results in an upward shoot of the line until it touches the 1,000 mark. The next month shows a drop to 900 due to members who failed to qualify, and from then on there is a steady decline to 800, by the first of the year. As delinquents and withdrawals have not been dropped, however, the books show

a membership of 965, which is 165 in excess of the true membership.

At the beginning of the second year it is determined to employ a paid solicitor. A card index is made of prospects and the solicitor proceeds to work. At the end of the year it is found that the line rose steadily to 850 during the first three months, about held its own for a month or two and slowly declined to 800.

The third year a new policy is adopted. The membership committee agrees to do the work, to take on new committee timber at frequent intervals and to keep constantly at it. The chart for the year shows a fairly steady line with a varying upward tendency, and the year which began with 800 members ends with 925.

Some Significant Figures

The cost of these plans is accurately figured and entered upon the chart, together with the amount of income from dues during the year.

It is found that the first method, costing \$3,000, we will say, resulted in an average membership for the year of 800 and an income from dues of \$20,000. The second method cost \$1,200 for solicitor's salary and resulted in an average membership of 825 and an income from dues of \$20,625. The third method cost nothing and resulted in an average membership for the year of 863 and an income from dues of \$21,375.

Deducting costs of the different plans the net cash returns from dues would be \$17,000 in the first plan, \$18,625 in the second, and \$21,375 in the third.

Would not charts such as this, accurately kept through a period of years, help an organization in reaching a determination as to the best method of maintaining membership? A note at the bottom of the chart could be made to explain any sudden upward or downward shoot, so that programs for interesting members, successful achievements, failures and errors could be given their true value and the measure taken of their influence on membership.

A Guide to Policy

But would not such a chart possess a value apart from this? It seems that many secretaries are unable to state just what their real membership is at any given time, this being due to the fact

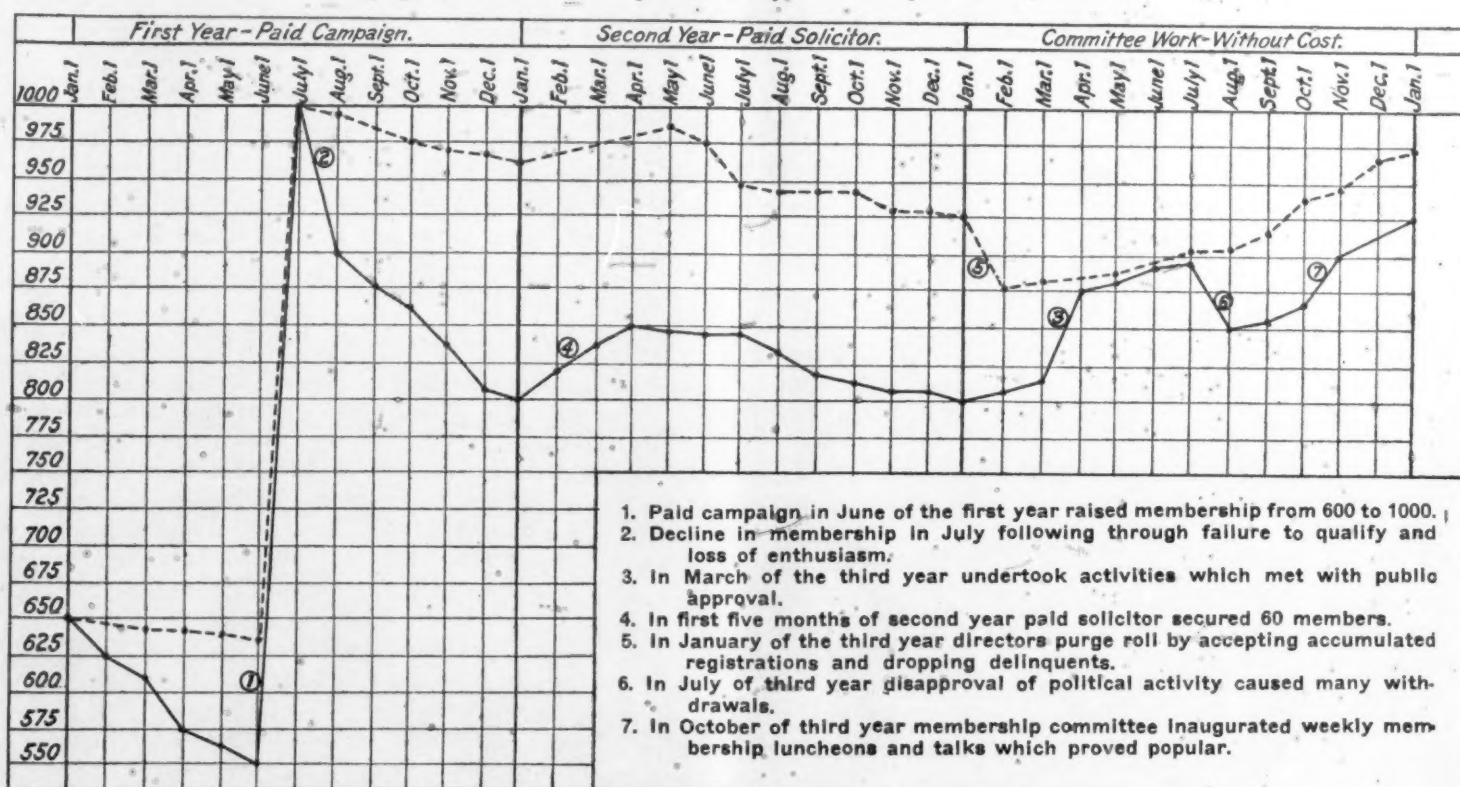
that members long delinquent have not been stricken from the roll, and resignations that have not been acted upon are carried along in the hope that they may be induced to reconsider. With a chart before him, the Secretary knows just where he stands at all times and will have a constant interest in keeping the membership line as nearly level as may be, and always with a general tendency upward, if that be possible. With this object in view he will be constantly after the membership committee to add new members, and will try more persistently to get withdrawals reconsidered and delinquents to pay their dues.

A chart such as this should be equally valuable where a campaign has been made to secure pledges for a three year's term, as is often the case, and also where a campaign is made at the end of the term. It would not be necessary to drop delinquents or accept resignations when tendered, but simply to treat them as dropped so far only as the true-membership chart line is concerned, for it would seem to be desirable that the chart should also show all probable dead wood. In this way the Secretary, the membership committee and the Board of Directors may know at all times just how the membership stands. Would this not stimulate them to be constantly on guard, and actively engaged in keeping interest alive and membership recruited?

What a Close Analysis Will Show

Let us analyze this imaginative chart a little further. We find a line acting quite eccentrically. It takes sudden upward shoots in some places and downward shoots in others, with no apparent reason. We refer to the notes at the bottom of the chart corresponding with numbers on the lines and find that one upward shoot, for example, was due to a successful achievement that secured the approval of the public; that another upward shoot was due to the organization undertaking some activity which the public realized was greatly in its interest, and all of which had been taken advantage of by the Membership Committee. We find from the notes that a downward shoot was due to the organization undertaking something of which the public did not approve, and a second downward shoot was a result, perhaps, of disapproved political activity.

Typical Three Years' Membership Chart showing true Membership in Straight Line and Book Membership, including Resignations and Delinquents not yet acted upon in Dotted Line.



If secretaries kept membership charts showing the rise and fall of the line, with notes accounting for the fluctuations, would it not make a record for future guidance as well as forming a

constant incentive to action? It surely would seem that it might.

As a matter of fact, is not a chart such as described the best method by which a continuous record of this sort

of information can be kept, and is not such information of real value in determining what methods, policies and activities should be pursued and what avoided in the future?

Some Projects of the Detroit Board of Commerce

THE Detroit Board of Commerce recently created a Department of Industrial Welfare with a view to acquainting employers with conditions surrounding factory employees and aiding them to improve certain conditions. In speaking of the undertaking, President Warren, of the Board of Commerce, says:

"The new Department will be a clearing house of information. It will not propagandize to inspire the adoption of schemes of industrial improvement, and it will not need to do so, for manufacturers are only too ready in the present day to improve the conditions of their workers. The Department will investigate the effect of shorter hours upon production by finding out the results in every factory in the country which adopts the shorter working day. It will investigate the effect of paying higher wages to workers, the effect upon efficiency of the employee and on the industry, of medical examinations, of improved hygiene and hospitals. It will make available much of the existing information on profit-sharing schemes throughout the

world, and the methods of giving workers increased interest in the management of companies. Various recreation movements in factories, construction of factory club houses, etc., will be studied and recorded."

Detroit Presents a National Trade Mark

About a year ago a movement was started in New York to get American manufacturers to adopt a "Made in



The name of the city using the emblem is inserted in space below the eagle

America" trade mark. Committees were appointed and meetings held in different parts of the country. This general

movement, however, died away. Those who read about it at the time may have wondered if any results were obtained.

That anything at all came of the movement seems to be due to the activity of the Board of Commerce of the city of Detroit. It appointed a "Made in U. S. A." Committee which conducted an independent investigation resulting in an offer of a \$500 prize for the best "Made in U. S. A." design. The El Paso Texas, Chamber of Commerce, offered an additional prize of \$50. A committee was appointed to pass upon the designs received. The contest ended February 25, 1915, at which time the Detroit Board of Commerce had received over 119,000 designs from all parts of the United States.

The committee, consisting of James Keeley and Charles D. Frey, of Chicago; Orson D. Munn, of New York, and Edward S. Freschl, of Milwaukee, selected the design reproduced on this page. In their report the design is described as simple, strong and mechanically perfect, easily woven in textile fabrics and

so open that it will reproduce down to a quarter of an inch, sufficiently elastic to enable the name of a city to be omitted, widened or contracted without injuring the composition, and thoroughly American in composition and color scheme.

The Detroit Board of Commerce, in a letter transmitting the design, says that more than 2,000 producers and manufacturers in the United States are at present using it upon all their products, advertising and stationery; that it has not been copyrighted, but is free to the American people, "a gift from a patriotic civic organization in Detroit to everyone who is interested in promoting America's prosperity."

Pueblo Repeals Single Tax

IN November, 1913, the citizens of Pueblo, Colorado, adopted an amendment to the city charter exempting improvements on real estate from taxation, it being argued at the time, according to a letter received from the Secretary of the Pueblo Chamber of Commerce, that great building activity would immediately result.

In his letter the Secretary says that this amendment was partially effective in 1913 and wholly in effect in 1914, and that the results have been the direct opposite of what was predicted. It is said that at the first tax sale following the passage of the amendment there were few bidders; that practically all vacant property on which taxes were delinquent was turned over to the county, and that there has been no marked activity in new buildings and no factories attracted on account of the single tax inducements.

This state of affairs resulted in a campaign against the amendment participated in by the Chamber of Commerce and a league of tax payers. The Secretary writes that the issue was voted upon on November 2 and the amendment repealed by a majority of 185.

Denver Planning for Reorganization

THE Chamber of Commerce of Denver has appointed a committee of directors to investigate means for reorganization. It is proposed, if the committee reports favorably, to make a campaign among the business men of the city with a view to obtaining their membership on a three years' basis. Preliminary to undertaking the campaign a survey will be made of the different local organizations for the purpose of ascertaining a basis upon which their work can be conducted under the direction of one central body.

A "Be Careful" Campaign in Marietta

THE Chamber of Commerce of Marietta, Ohio, recently conducted a "Be Careful" campaign. The originators of this idea argued that this is a better term than "Safety First", not only because it instantly recalls the first admonition of early childhood, but because the latter term has entered into advertising to such an extent that it is claimed no longer to arouse an immediate sense of danger.

The campaign in Marietta was under the direction of the Safety Department of the State Industrial Commission of Ohio. During the week special slides were run in moving picture houses, cards were carried in and on street cars and in store windows, the newspapers published daily articles and cartoons, and addresses were delivered in factories and schools. As a result of the campaign some of the factories visited have organized Safety Committees and will install first-aid boxes; it has been decided to install a Safety Council in each school, and the Chamber of Commerce has organized a joint Safety-committee of five members composed of representatives from the Police Department, the railroads, the schools, the Automobile Club and the manufacturers. Some interesting statistics quoted during the campaign were to the effect that 80,000 people were injured in Ohio last year and 2,000 heads of families killed; that 11,000,000 were injured in the United States during the same time, and 66,000 killed, and that a large percentage of the fatalities was due to unattended cuts, scratches and bruises.

A Few of Rochester's Many Activities

THE Rochester Chamber of Commerce is listing the sons of members. In a circular-letter to members enclosing cards to be filled out it states that it purposes writing a letter to those sons who are away at school, letting them know that Rochester appreciates their good will and is desirous of strengthening the ties of mutual interest and friendship. If the young men are at home it is desired to know if they will participate in visits to factories conducted by the Sons of Members' Committee. The letter concludes with the statement that the Chamber of Commerce seeks to awaken in the boy a realization that the part he is capable of playing in the development of the city is considered of value by business men and that the city

is bidding for his permanent interest in its development and welfare.

There is a growing movement throughout the country in favor of organizing the young men and assigning to them certain activities in connection with the work of the local organization, the object being not only to get certain work done which the young men are qualified to do, but to stimulate in them a pride in the city and increase their knowledge of the duty of a citizen toward his community.

A Service to Retail Merchants

With a view to service to retail merchants commercial organizations conduct credit bureaus, direct "buy at home" campaigns and interest themselves in improving street lighting in the shopping districts. They are often active in urging the modification of sidewalk and street sign regulations, whenever these are found to be unduly burdensome or unfair, and they have frequently succeeded in getting storekeepers to agree upon uniform closing hours. In addition there is an increasing effort to get members to settle business disputes by arbitration instead of resorting to the courts. This appears evident from items in the official publications of the different organizations. The following from the Rochester Chamber of Commerce publication is characteristic:

The economy and expedition of the Chamber's commercial arbitration service to business men was again exemplified in a case settled by the Commercial Arbitration committee on November 1. The disputants were put to no expense. If it had been litigated, lawyers' fees and court costs probably would have approximated \$50, and about 12 weeks elapsed before the case would have been finally settled in Municipal Court. About an hour and a half were required to submit, hear, and render a decision in the case at the Chamber.

Occupies Its Own Home

Detailed plans of the building to be erected by the Rochester Chamber of Commerce have been unanimously approved by the Board of Directors and the work of construction will soon be under way. The new building will be devoted exclusively to Chamber of Commerce purposes. The first floor will contain the lobby, the offices of the President, the Secretary and his assistants, the reading room, serving rooms and cloak room. The mezzanine floor will contain the committee rooms. On the upper floor will be the large assembly or banquet hall, capable of seating one thousand persons, and around the sides of this will be a balcony.

Two Presidents—

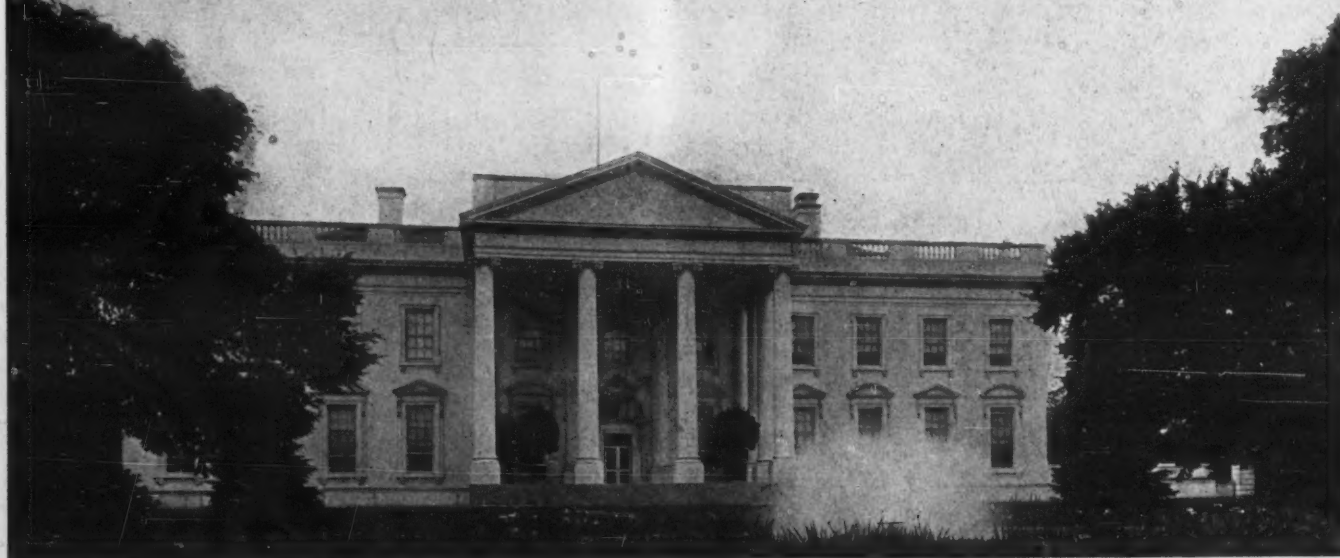
And The National Chamber

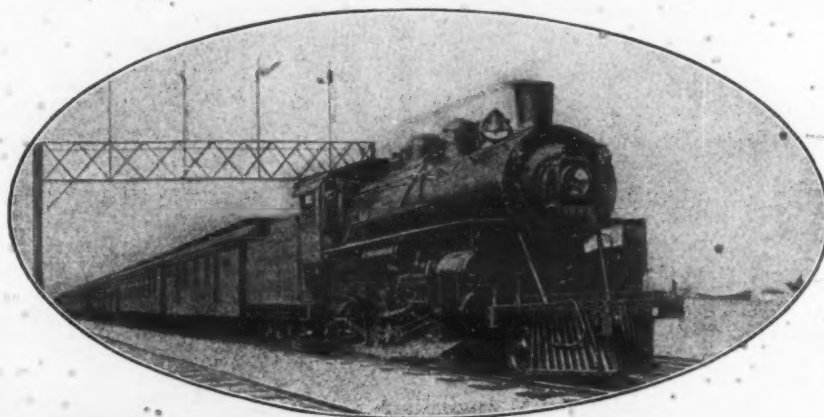
President Taft

WHAT is the purpose of this organization? It has come on at a time when the opportunities for making an organization like this seem to me to be especially useful. I have been surprised in going about the country to find that there is no town and no village so small that it does not have either a Board of Trade or a Chamber of Commerce. * * * Now there is not any reason why those organizations should not be units that go to make up together, with the larger organizations of larger towns and cities, where there is real trade and real commerce, the constituency of this great organization; and I speak of the movement for the purpose of showing the power that this national organization has by the referendum to all these organizations to gather from them the best public opinion that there is, in order to influence the legislation of the country, so far as that may be properly influenced.—*William H. Taft, addressing the First Annual Meeting of the Chamber of Commerce of the United States—1913.*

President Wilson

I AM particularly glad to express my admiration for the kind of organization which you have drawn together * * * the task of this body is to match all the facts of business throughout the country and to see the vast and consistent pattern of it. * * * You cannot perform the functions of this Chamber of Commerce without drawing in not only a vast number of men, but men, and a number of men, from every region and section of the country * * its strength must come from the uttermost parts of the land and must be compounded of brains and comprehensions of every sort. It is a very noble and handsome picture for the imagination * * * It is very instructive and useful for the Government of the United States to have such means as you are ready to supply for getting a sort of consensus of opinion which proceeds from no particular quarter and originates with no particular interest. Information is the very foundation of all right action in legislation.—*Woodrow Wilson, addressing the Third Annual Meeting of the Chamber of Commerce of the United States—1915.*





Courtesy Railway Age Gazette.

No Time To Lose

Decide now that you will attend the great national convention. Men from all parts of the country will discuss important plans for future business. The small community and the large city alike will be represented.

Fourth Annual Meeting Chamber of Commerce of the United States

Washington, D. C.

February 8, 9, and 10

All railroads will lead to the National Capital. Congress will be at work on projects involving the expenditure of enormous sums of money: preparedness, the raising of revenue, an American Merchant Marine, and other far-reaching national projects.

